RCE

RCE CAPITAL BERHAD

(2444-M)

Annual Report

2014

member of

AMCORP

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Azman Hashim
Non-Independent Non-Executive Chairman

Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan
Independent Director

Dato' Ab. Halim bin Mohyiddin
Independent Director

Major General (Rtd) Dato' Haji Fauzi bin Hussain
Independent Director

Dato' Che Md Nawawi bin Ismail
Independent Director

Tan Bun Poo
Independent Director

Soo Kim Wai
Non-Independent Non-Executive Director

Shalina Azman
Non-Independent Non-Executive Director

Shahman Azman
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Loh Kam Chuin

COMPANY SECRETARIES

Johnson Yap Choon Seng (MIA 20766)
Seow Fei San (MAICSA 7009732)

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AUDITORS

Deloitte
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Tel : +603-7723 6500
Fax : +603-7726 3986

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : +603-2264 3883
Fax : +603-2282 1886

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Group Financial Highlights

		Financial Year Ended 31 March				
		2010	2011	2012	2013	2014
Profitability						
Revenue	(RM'000)	249,046	262,134	229,771	166,653	130,261
Profit before tax	(RM'000)	109,989	140,099	128,165	34,210	14,225
Net profit attributable to owners of the Company	(RM'000)	81,094	104,257	101,355	9,719	12,513
Key Statement of Financial Position Data						
Loans and receivables	(RM'000)	1,138,608	1,085,754	983,076	930,985	924,986
Borrowings (net of pledged cash and cash equivalents)	(RM'000)	766,949	678,637	472,337	385,974	309,001
Share capital:						
Ordinary shares	(RM'000)	78,207	78,240	78,240	117,359	117,359
Redeemable convertible non-cumulative preference shares	(RM'000)	-	-	-	46,944	46,944
Shareholders' funds	(RM'000)	418,862	448,382	529,222	704,252	685,250
Net assets ("NA")	(RM'000)	418,862	448,382	529,222	657,308	638,306
Key Financial Indicators						
NA per share	(sen)	53.56	57.31	67.64	56.00	54.39
Return on equity	(%)	22.62	24.04	20.74	1.58	1.80
Earnings per share:						
Basic	(sen)	7.07	8.88	8.64	0.83	0.27
Diluted	(sen)	7.05	8.88	8.64	0.73	0.27
Gearing ratio	(times)	1.83	1.51	0.89	0.55	0.45
Net dividend per share	(sen)	1.53	1.50	1.50	1.50	1.50
Share price	(sen)	66.00	53.50	48.50	27.00	28.00

Profile of Directors

TAN SRI AZMAN HASHIM
Non-Independent Non-Executive Chairman

Y. Bhg. Tan Sri Azman Hashim, a Malaysian, aged 75, was appointed to the Board on 2 December 1988.

Tan Sri Azman, a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh & Co from 1964 to 1971. He then joined the Board of Malayan Banking Berhad ("MBB") from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of MBB, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Chairman of Malaysian Investment Banking Association and Malaysia Productivity Corporation, Asian Productivity Organisation, Institute of Bankers Malaysia and Chairman Emeritus of the Pacific Basin Economic Council (PBEC) International and Co-Chairman of Malaysia-Singapore Roundtable. He is the First Chairman of the Financial Services Professional Board. He is the President of Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and Non-Aligned Movement's (NAM) Business Council, and Treasurer of Malaysia-Australia Foundation. He is a Member of the APEC Business Advisory Council, the Trilateral Commission (Asia-Pacific Group), the Malaysian-British and Malaysia-China Business Councils and East Asia Business Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors of AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor, Open University of Malaysia and a Member of the International Advisory Panel and Bank Negara Malaysia International Centre for Education in Islamic Finance (INCEIF).

Tan Sri Azman is the Chairman of AMMB Holdings Berhad ("AHB") and Chairman of the Board of several subsidiaries of AHB namely, AmInvestment Group Berhad, AMFB Holdings Berhad, AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad, AmLife Insurance Berhad, AmGeneral Holdings Berhad, AmFamily Takaful Berhad and AmGeneral Insurance Berhad. Apart from the AHB group of companies, he is also the Executive Chairman of Amcorp Group Berhad and Chairman of Malaysian South-South Corporation Berhad. He serves as a Director of Pembangunan MasMelayu Berhad, Asian Institute of Finance Berhad and the Asian Banking School Sdn Bhd. Tan Sri Azman is also involved in several charitable organisations as the Chairman of AmGroup Foundation and Perdana Leadership Foundation, and Trustee for Yayasan Azman Hashim, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Tuanku Najihah, Yayasan Canselor Open University Malaysia, Azman Hashim Charitable (L) Foundation and Azman Hashim Family (L) Foundation.

TAN SRI MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN
Independent Director

Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 71, was appointed to the Board on 26 March 1998.

He graduated from the Royal College of Defence Studies, United Kingdom and holds a Graduate Certificate in Management from the Monash Mt. Eliza Business School.

He served the Malaysian Police Force for 35 years and had held several key positions, namely as Commissioner of Police, Director of Criminal Investigation and Director-General for the Prisons Department.

He is a Trustee for the Malaysian AIDS Foundation and past President (2010 & 2011) of the Malaysian AIDS Council.

He is also the Chairman of Digistar Corporation Berhad and director of Tricubes Berhad.

DATO' AB. HALIM BIN MOHYIDDIN
Independent Director

Y. Bhg. Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 68, was appointed to the Board on 8 October 2009.

He graduated with a Bachelor of Economics in Accounting from University of Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Master in Business Administration from University of Alberta, Canada in 1973.

Dato' Ab. Halim joined KPMG Malaysia in 1977 and had his early accounting training in both Malaysia and the United States of America. He was made Partner of the firm in 1985. Prior to his retirement in October 2001, he was the Partner in charge of the Assurance and Financial Advisory Services Divisions. He was also looking after the Secured e-Commerce Practice of the firm.

He is a council member of the Malaysian Institute of Certified Public Accountants (MICPA) and was the President of MICPA from 2004 to 2007. He is a member of the Malaysian Institute of Accountants (MIA).

His directorships in other public companies include Amway (Malaysia) Holdings Berhad, Digi.Com Berhad, KNM Group Berhad and Petronas Gas Berhad.

MAJOR GENERAL (RTD) DATO' HAJI FAUZI BIN HUSSAIN
Independent Director

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain, a Malaysian, aged 74, was appointed to the Board on 25 April 2003.

He is a graduate of the Command and Staff College of Indonesia and the Joint Services Staff College of Australia. He has also attended management training courses in South Korea and the United States of America.

Dato' Haji Fauzi has since 1960 served in the Malaysian Army and the Royal Malaysian Air Force and held various positions in the command and staff appointments before retiring in November 1994 as Deputy Chief of Air Force. He was Joint-Chairman of the planning and execution committee of air exercises with Thailand and Indonesia and was also involved in the training and operations along the border of Malaysia and Thailand.

DATO' CHE MD NAWAWI BIN ISMAIL
Independent Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 64, was appointed to the Board on 28 February 2006.

Dato' Nawawi holds a Bachelor of Laws from the International Islamic University of Malaysia and practiced as an advocate and solicitor in a legal firm between 1990 and 1991. Dato' Nawawi was the Deputy Commissioner of Police of the Malaysian Police Force until his retirement in February 2006. He had held several key positions during his 36 years of service with the Malaysian Police Force including the position of Head of Criminal Investigation Department in the State of Sabah and Perlis, OCPD Cheras, Deputy Director Commercial Crime Division and Deputy Director, Criminal Investigation Department in Bukit Aman.

Dato' Nawawi also sits on the Board of Amcorp Properties Berhad.

TAN BUN POO
Independent Director

Mr. Tan Bun Poo, a Malaysian, aged 64, was appointed to the Board on 1 June 2013.

He graduated with a Bachelor of Commerce from University of Newcastle, Australia in 1973 and obtained his Chartered Accountancy from Institute of Chartered Accountants, Australia in 1976. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Taxation and a Fellow of Institute of Chartered Accountants in Australia.

Mr. Tan, a retired Senior Partner with Deloitte has more than 37 years of experience in the audits of both private and public companies including banking, insurance and financial services, construction and property development, manufacturing, retailing (including hypermarkets), engineering, gaming and entertainment, leisure and hospitality, food and distribution and the service industry.

He was also involved in leading assignments related to outsourced internal audits and risk management services, initial public offerings, corporate restructuring, mergers and acquisitions, and financial due diligence.

He is a council member of the Malaysian Institute of Certified Public Accountants (MICPA) and served as a member in its Accounting & Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee. Mr. Tan is also a board member of the Auditing & Assurance Standards Board, Malaysian Institute of Accountants.

Mr. Tan also sits on the Board of Amcorp Properties Berhad, Faber Group Berhad, QL Resources Berhad and AmFamily Takaful Berhad.

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 53, was appointed to the Board on 11 August 1997.

Mr. Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants), Fellow of the Certified Practising Accountant (CPA), Australia and Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

He joined Amcorp Group Berhad ("AMCORP") in 1989 as Senior Manager, Finance and has since held various positions. He was appointed as a Director of AMCORP on 13 March 1996 and subsequently as Managing Director on 1 January 1999. Before joining AMCORP, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1989.

Apart from AMCORP, his directorships in other public companies include Amcorp Properties Berhad, AMMB Holdings Berhad and ECM Libra Financial Group Berhad. He also sits on the Board of British Malaysian Chamber of Commerce.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 47, was appointed to the Board on 6 January 2000.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from Chapman University in California and in 1993, she obtained her Masters in Business Administration from University of Hull in United Kingdom.

Puan Shalina's involvement with the Company dates back to 1990 where she first gained invaluable experience in the media industry as a Business Development Officer. Prior to re-joining the Company, she was with Amcorp Group Berhad ("AMCORP") from 1995 to 1999 as Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as the Managing Director of the Company to re-join AMCORP and on 1 August 2002, she was appointed as the Deputy Managing Director of AMCORP.

Apart from AMCORP, Puan Shalina is also the Deputy Chairman of Amcorp Properties Berhad.

SHAHMAN AZMAN
Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 39, was appointed to the Board on 2 June 2008.

After graduating from Chapman University, U.S.A. with a Bachelor of Communications, Encik Shahman joined Amcorp Group Berhad ("AMCORP") in 1996. He was subsequently promoted to General Manager spearheading the Corporate Planning and Strategy portfolio. In 2001, he joined MCM Technologies Berhad, a subsidiary of AMCORP, as General Manager of Corporate Planning and Strategy. His last held position in MCM Technologies Berhad was Chief Investment Officer.

Encik Shahman later joined the Company as Director of Corporate Affairs on 1 April 2004 and was promoted to Director of Strategic Business Unit on 1 January 2006.

Encik Shahman is also the Deputy Managing Director of Amcorp Properties Berhad and sits on the Board of AMCORP.

PROFILE OF CHIEF EXECUTIVE OFFICER

LOH KAM CHUIN
Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, aged 47, was appointed Chief Executive Officer on 1 March 2010.

Mr. Loh holds a Bachelor of Business-Banking and Finance from the University of South Australia. Upon graduation in 1989, he joined Southern Bank Berhad in the Personal Banking Division. In 1995, he joined Fulcrum Capital Sdn Bhd ("FCSB"), a wholly-owned subsidiary of Amcorp Group Berhad, as Manager and was promoted to Senior Manager and later Associate Director of FCSB prior to joining RCE Group. In 2001, he was appointed Director of RCE Marketing Sdn Bhd and has since 2006, held the post of Executive Director Corporate Affairs prior to his current appointment.

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

COMMITTEES OF THE BOARD			
	Audit Committee	**Nomination & Remuneration Committee**	**Options Committee**
Tan Sri Azman Hashim			**Chairman**
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	**Chairman**	
Dato' Ab. Halim bin Mohyiddin	**Chairman**		
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Member	
Dato' Che Md Nawawi bin Ismail	Member	Member	
Tan Bun Poo	Member		
Soo Kim Wai	Member		Member
Shalina Azman		Member	Member
Shahman Azman			
Loh Kam Chuin *(Chief Executive Officer)*			Member

Notes:

Tan Sri Azman Hashim is the father of Puan Shalina Azman and Encik Shahman Azman. Puan Shalina Azman and Encik Shahman Azman are siblings. Save as disclosed herein, none of the Directors and the Chief Executive Officer have any family relationship with any Directors and/or major shareholders of the Company.

None of the Directors and the Chief Executive Officer have any conflict of interest with the Company.

None of the Directors and the Chief Executive Officer have been convicted for offences within the past 10 years.

“Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of RCE Capital Berhad for the financial year ended 31 March 2014.”

ECONOMIC REVIEW

The global economy is showing continuous signs of recovery and is expected to improve further in 2014-2015. However, although the effects of the financial crisis are slowly diminishing, the global financial outlook remains challenging due to financial volatility and geopolitical concerns that continue to affect some economies.

While 2013 posed several challenges to our local economy due to continued headwinds from global economic conditions, we remained resilient and have achieved a GDP growth of 4.7% for the year. Domestic demand coupled with considerable improvement in exports have provided a firmer footing to our economy.

However, domestic demand and private consumption are expected to ease following the recent decision by Bank Negara Malaysia (“BNM”) to raise the Overnight Policy Rate to 3.25% from 3.00% and the Government's introduction of the Goods and Services Tax effective from 1 April 2015.

Nevertheless, the Malaysian economy is still projected to grow at the rate of 5.0% and 5.5% in 2014, with investment activities and capital spending by private sectors leading the way. Continuous government support through the Economic Transformation Programme and the 10th Malaysia Plan are also expected to boost the country's GDP growth.

PERFORMANCE REVIEW

The Group posted revenue of RM130.2 million for the financial year ended 31 March 2014 compared to RM166.7 million in the previous financial year. This was primarily due to lower interest income from reduced interest margins on our personal financing business, lower loan base as well as declining early settlement income, following the implementation of BNM's guidelines and recommendations on the tenure and eligibility for personal financing.

Despite the lower revenue, the Group's performance is showing signs of improvement following the thorough portfolio review and close monitoring of all existing and new loan receivables initiated in the last financial year. These on-going exercises have resulted in a more accurate reflection and valuation of our primary assets and substantially improved the pre-tax profit in the last three quarters of this financial year, and subsequently contributing to a pre-tax profit of RM14.2 million for the financial year ended 31 March 2014.

Accordingly, with a lower tax expense for this financial year, the Group recorded a higher profit after tax of RM12.5 million, a 28.9% increase as compared to RM9.7 million in the last financial year.

The Group is looking into other value added services to complement its existing products and services to improve its financial performance.

CONSUMER FINANCING

In July 2013, BNM implemented macro prudential policy measures to address the financial imbalances arising from elevated household debt levels and rising asset prices. These measures include the reduction in the personal financing loan tenure from 25 to 10 years.

This has improved the competitive landscape of the personal loans market by leveling the playing field for all competitors. In addition, it reduces the exposure risk to the individual borrower considerably due to the shorter permitted financing tenure.

Against this backdrop, the Group registered an increase of 30.2% in the number of loans disbursed but with a smaller average loan size, resulting in a 28.5% decrease in the amount of loans disbursed.

In October 2013, the Group embarked on a project to upgrade its loan management system to improve operational efficiency and productivity. This system also provides a solid backbone to drive the expansion of the business over the next 5 years.

Furthermore, the Group continues to evaluate and improve its credit criteria and enhance its credit scoring applications. This is part of its priorities to improve the loans quality and to actively reduce non-performing loans.

On the Group's financing of the Ar-Rahnu business segment, total loans disbursement grew significantly from RM12.1 million in the previous financial year to RM46.3 million in this financial year. This strong growth is expected to continue into the next financial year and the Group is looking to further expand its footprint in this business segment.

COMMERCIAL FINANCING

The Group's commercial financing business under RCE Factoring Sdn Bhd recorded a higher turnover, up 9.6% from RM91.8 million to RM100.6 million. Despite this, a lower net profit before tax of RM0.02 million was recorded compared to RM4.2 million in the previous financial year. This is due to the higher loan impairment of RM0.9 million compared to a RM3.2 million write-back of impairment in the previous financial year.

The Group is cautious on its performance in anticipation of slower growth for business loans due to the tougher operating environment and more cautious consumer spending. It remains mindful of the inherent risk present in this segment of financing.

CORPORATE DEVELOPMENT

The Group made its first 20% dividend payment, amounting to RM9.4 million, in December 2013 for its Redeemable Convertible Non-cumulative Preference Shares ("RCNPS"). These RCNPS were issued at RM0.38 per unit in November 2012.

INVESTOR RELATIONS ("IR")

The Group maintains its strong commitment to transparency and good corporate governance practices. Its latest financial results and corporate developments have been promptly announced and timely dissemination of information is made available through its website (http://www.rce.com.my).

A dedicated e-mail address (IR@rce.com.my) is also available, providing the contact point on any issues of concern.

Also, presentation on the Group's performance and major activities by key personnel are shared during the Annual General Meeting ("AGM"), which serves as a platform for the shareholders to enquire and comment on the Group's performance and operations.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group continuously seeks to reinforce the wellbeing of and social participation within the community it serves, with a primary focus directed in aiding the underprivileged. The Group partnered with National Kidney Foundation ("NKF") in providing financial and other assistance towards NKF's various events, campaigns and activities. Throughout the year, health screening campaigns were carried out to create health awareness of the public and to promote a healthy lifestyle.

DIVIDENDS

The Board is pleased to recommend a final single tier dividend of 15.0% (1.50 sen) for the financial year ended 31 March 2014 which will result in a payment of approximately RM17.4 million. This will be the eighth consecutive year that the Group has declared dividends with the aim of delivering sustainable returns to our shareholders.

LOOKING FORWARD

Despite the increasingly competitive landscape, the Group will continue to pursue growth in the personal financing business and provide its services to the underserved market. We will also continue to improve the quality of our loans portfolio in compliance with the rulings and guidelines on personal financing imposed by BNM on financial institutions.

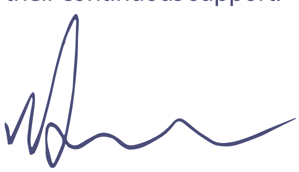
Additionally, we will seek potential business and investment opportunities that will complement our existing businesses to improve and strengthen our performance in the new financial year.

ACKNOWLEDGMENT

I would like to extend my appreciation to our fellow Board members for their contribution and guidance, and to our management team and staff for their hard work and dedication to the Group.

On behalf of the Board of Directors, I would like to take this opportunity to thank Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain for his contribution and counsel shared with the Group during his tenure on the Board. Dato' Fauzi will retire at the forthcoming AGM and will not be seeking re-appointment.

I would also like to thank our shareholders and business associates, for their trust in us, and the regulatory authorities for their continuous support.



Tan Sri Azman Hashim
Chairman
6 August 2014

Statement on Corporate Governance

The Board of Directors of RCE Capital Berhad ("RCE" or "the Company") recognises the importance of safeguarding and promoting the interests of shareholders. The Board remains committed to uphold the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders' values and safeguarding the stakeholders' values.

The Board is pleased to report on the main corporate governance practices of the Company and the manner in which the Company has complied with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code").

BOARD OF DIRECTORS

Board Composition and Balance

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Directors together as a team set the values and standards of the Company and ensures that RCE Group's business is properly managed to safeguard the Group's assets and shareholders' investment. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Board's composition of nine (9) members, comprising four (4) Non-Independent Non-Executive Directors (including the Chairman) and five (5) Independent Directors is in compliance with paragraph 15.02 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"). The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process and provides for effective check and balance in the functioning of the Board. The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company which could materially interfere with the exercise of their independent judgement.

The role of the Chairman and Chief Executive Officer are separate with clear distinction of responsibility between them to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board whilst the Chief Executive Officer leads the executive management and is overall responsible for the day-to-day management of the Group's operations and business as well as implementation of Board policies and decisions.

All Independent Directors of the Board are always willing and within reach of the shareholders and thus, the Board does not consider it necessary to appoint a senior independent director to serve as a point of contact for shareholders and other stakeholders to voice their concerns.

The assessment of the independence of each of its Independent Directors is undertaken annually according to set criteria as prescribed by the Listing Requirements. The Board had assessed and concluded that all the Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

Recommendation of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, RCE does not have term limits for Independent Directors as the Board believes that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of RCE's business and affairs. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Major General (Rtd) Dato' Haji Fauzi bin Hussain, who are the Independent Directors of the Company, have served on the Board for 16 years and 11 years respectively.

The Board has assessed, reviewed and determined that Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Major General (Rtd) Dato' Haji Fauzi bin Hussain remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the interest of RCE. Both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Directors of the Company:

(a) they fulfilled the definition of Independent Director under the Listing Requirements;
(b) they actively participated in Board deliberation, judged in an independent and unfettered manner, discharge their duties with reasonable care, skill and diligent; bring independent thought and experience and provided objectivity in decision making;
(c) they devoted sufficient time and attention to their responsibility as Independent Directors of the Company; and
(d) they exercised due care in all undertakings of the Company and had carried out their fiduciary duties in the interest of the Company and minority shareholders during their tenure as Independent Directors.

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain has expressed his intention to retire and will not seek re-appointment at the forthcoming annual general meeting. Hence, he will retain office until the close of the Sixtieth Annual General Meeting.

The Board through the Nomination & Remuneration Committee conducts an annual review of the performance of the Board to ensure that it is continuously effective. The review is conducted via a set of questionnaire to assist the reviewer in his assessment and is spread over the following three (3) key areas:

- the effectiveness of the Board as a whole;
- Board size, composition and balance; and
- contributions of individual Directors and Chief Executive Officer to the Board.

Board Gender Diversity

The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.

Duties and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. It also reviews the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently to safeguard the assets of the Group.

On-going succession planning and training which is aligned to the organisation's objectives are put in place to ensure orderly management transition in the Group.

Board Charter and Code of Ethics

The Board Charter sets out the role, functions, composition, operation and processes of the Board. The Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Charter also outlines the processes and procedures for the Board and their Committees to achieve highest governance standards. It acts as a source of reference for Board members and senior management. The Board Charter will be periodically reviewed, as and when necessary. The Board Charter is accessible to the public on the Company's corporate website at www.rce.com.my.

The Directors observe the Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at www.ssm.com.my. In addition, the Company's Code of Ethics for the Executive Directors and employees of the Group is set out in the Company's Employee Handbook.

Board Meetings and Supply of Information

The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met four (4) times where it deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

The Board and Board Committee meetings are planned in advance prior to the commencement of a new year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors for perusal prior to the date of the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

The Board also peruse the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of the Companies Act, 1965.

There is a schedule of matters reserved specifically for Board's deliberation, such as approval of corporate plans and annual budgets, recommendation of dividends, acquisitions and disposals of undertakings and properties of substantial value.

Where a potential conflict of interest arises, it is mandatory for the Director concerned to declare his interest and abstain from the deliberation and decision-making process. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in RCE, on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

The Board has complete and unrestricted access to information relating to the Group's businesses and affairs. The Board may require to be provided with further details on the matters to be considered. Senior management are invited to attend the Board meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken by the Company would also be invited to render their advice and opinion to the Directors. The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company's expense.

The Directors are notified of any corporate announcements released to Bursa Malaysia Securities Berhad. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted release date of the quarterly financial results announcement.

All Directors have unrestricted access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretary attend all Board and Board Committees meetings and ensures that Board procedures and policies are met and constantly advise the Directors on compliance issues.

The Board is of the view that the provisions of the Companies Act, 1965 and the Listing Requirements are sufficient to ensure adequate commitment from Directors to perform their duties. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated.

Details of attendance of Directors at Board meetings during the financial year are as follows:

Name of Director	No. of Meetings Attended
Tan Sri Azman Hashim	4/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Ab Halim bin Mohyiddin	4/4
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Dato' Che Md Nawawi bin Ismail	3/4
Tan Bun Poo *(Appointed on 1 June 2013)*	3/3
Soo Kim Wai	4/4
Shalina Azman	4/4
Shahman Azman	4/4

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the annual general meeting are first considered and evaluated by the Nomination & Remuneration Committee. Upon its evaluation, the Nomination & Remuneration Committee will make recommendations on the proposal(s) to the Board for approval. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every annual general meeting and provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the annual general meeting held following their appointments.

Directors of or over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. Orientation programme is initiated for newly appointed Directors to familiarise them with the Group's business. All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad.

During the financial year under review, the Company had organised in-house trainings conducted by external consultants for the Directors and employees of the Group. The Directors are also encouraged to attend various external professional programmes which they individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

The Company Secretary keeps Directors informed of relevant external training programmes and all of the Directors have undergone training during the financial year. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary. The external conferences/workshops and internally organised programmes attended by the Directors during the financial year ended 31 March 2014 are as follows:

Key Areas	Topics
Corporate Governance & Risk Management	• Risk Management & Internal Control: Workshops for Audit Committee Members • Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) - An Update • Corporate Governance Statement Reporting Workshop • Nominating Committee Programme • Risk Management Conference 2013 - Navigating The New Playing Field • Risk Management Forum, Embracing Long Term Corporate Success, Risk Governance • Personal Data Protection Act 2010 and Risk Management • Brief on Corporate Governance • Anti Money Laundering
Financial, Audit, Taxation & Investment	• Tax Budget Update and New Public Ruling in 2013 & New IRB Guidelines on MFRS • Financial Statements Integrity & Directors' Legal Responsibility • Reviewing the Risk & Control on the Quality of Financial Statement • Goods and Services Tax (GST) Seminar • ACCA Bursa Forum - Future of Corporate Reporting • Malaysian Financial Reporting Standards 2013 • Audit Committee Programme • Budget 2014 Tax Seminar • MIA International Accountants Conference 2013 • 2013 Audit Committee Institute-Breakfast Round Table Series • Audit Committee Conference • ACCA President's Luncheon • MFRS/FRS Update 2013/2014 Seminar • MIA-ACCA Forum - The Value of Quality Audit

Key Areas	Topics
Directors' Duties & Obligations	• Advocacy Sessions on Corporate Disclosure for Directors • Managing Talent at Board and Management • Board Chairman Session
Leadership	• The Leadership Energy Summit Asia (LESA) 2013 • Perdana Leadership Foundation International Roundtable - Surviving The Next Global Financial Crisis
Laws & Regulations	• Personal Data Protection Act 2010 & Competition Law • Financial Services Act 2013 and Islamic Financial Services Act 2013
Business & Economics	• 2nd 2013 APEC Business Advisory Council (ABAC) Meeting representing Malaysia • 55th Session of The Asian Productivity Organisation Governing Body • The East Asia Business & Investment Forum • Malaysia Productivity Corporation (MPC) 2nd 2013 CREANOVA in conjunction with launching of Annual Productivity Report • AmBank Sales & Distribution Convention Financial Year 2012/2013 • 25th East Asia Business Council (EABC) Meeting, 5th East Asia Business Forum, East Asia Business Exchange Launch and Dialogue on Regional Comprehensive Economic Partnership • Private Retirement Scheme Conference • 3rd 2013 APEC Business Advisory Council (ABAC) Meeting representing Malaysia • AIF International Symposium 2013 - Changing Face of Talent • 4th 2013 APEC Business Advisory Council (ABAC) Meeting, APEC CEO Summit and Dialogue with Leaders representing Malaysia • Securities Commission World Capital Markets Symposium 2013 - Refining Markets: Sustained Growth and Resilence • Perdana Discourse Series 17 - Current Political Trends and Their Impact On The Economic and Social Direction of Malaysia • JAMECA – MAJECA 32nd Joint Conference - Deepening and Strengthening the Economic Collaboration between Malaysia & Japan - Initiatives under the 2nd Wave of Malaysia's Look East Policy • 1st 2014 APEC Business Advisory Council (ABAC) Meeting representing Malaysia • Khazanah Megatrends Forum 2013 - Growth with inclusion in an Age of Paradox • The Business Innovation • Rothschild Dialogue Lunch - The Psychology of Wealth • Regional Business Outlook: What's next? • 2013 Mid-Year Global Economic Outlook • Mid-Year Market Outlook • Real Estate Seminar in Japan • Standard Chartered Bank Business Series 2 – Myanmar, The Last Business Frontier • Family Business Forum • BNM-FIDE Forum Dialogue with the Governor • Investing with Insight – UK Real Estate

The Nomination & Remuneration Committee and the Board assess the training needs of each of its Directors on an on-going basis and are satisfied that the Directors have received the necessary training during the financial year under review which enhanced their effectiveness and contribution to the Board.

Directors' Remuneration

The objective of the Group's policy on Directors' remuneration is to attract and retain Directors who possess the necessary skills and experience commensurate with their responsibilities for the effective management of RCE Group.

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the annual general meeting based on the recommendation of the Board. The determination of the level of fees for the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Meetings attendance allowance are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year. Individual Directors will abstain from participating in the discussion and decision of their own remuneration.

For the Chief Executive Officer, the Nomination & Remuneration Committee reviews the remuneration package annually and recommend to the Board on specific adjustments and/or reward payments that reflect his contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice. Long term incentives are implemented through share option scheme. The Company has in place Directors' and Officers' liability insurance ("D&O") and the Directors are required to contribute jointly to the premium of the D&O policy.

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2014 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	260,000	260,000
Other Emoluments	-	920,000	920,000
Defined contributions	-	179,740	179,740
Benefits-in-kind	-	109,634	109,634

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	-	8
RM1,150,001 – RM1,200,000	-	1

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of the Listing Requirements.

WHISTLE BLOWING POLICY

The Group in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concerns raised will be investigated and a report and update is provided to the Audit Committee.

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nomination & Remuneration Committee and Options Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

The Board Committees in RCE are as follows:

Audit Committee

The Audit Committee comprises six (6) Non-Executive Directors, five (5) of whom are Independent and is in compliance with the Listing Requirements. The members of the Audit Committee are as follows:

1. Dato' Ab. Halim bin Mohyiddin
   (Independent Director) – Chairman

2. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Director)

3. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Director)

4. Dato' Che Md Nawawi bin Ismail
   (Independent Director)

5. Tan Bun Poo
   (Independent Director)

6. Soo Kim Wai
   (Non-Independent Non-Executive Director)

The Audit Committee's principal role is to reduce conflicts of interest particularly between management and shareholders and to ensure that the Group's assets are utilised efficiently. As part of the Audit Committee's responsibilities, they would review the Company's financial statements, related party transactions and the system of internal controls. They may also consider whether procedures on internal audit are effective at monitoring adherence to the Company's standards and values.

The Audit Committee held four (4) meetings during the financial year whereby the external auditors attended two (2) of the meetings and also met with the Committee members without the presence of the management and Executive Director.

A full Audit Committee Report enumerating its membership, summary of the terms of reference and a summary of activities during the financial year are set out in the Audit Committee Report.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises entirely of Non-Executive Directors, a majority of whom are Independent Directors and its members are as follows:

1. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Director) – Chairman

2. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Director)

3. Dato' Che Md Nawawi bin Ismail
   (Independent Director)

4. Shalina Azman
   (Non-Independent Non-Executive Director)

The role of the Nomination & Remuneration Committee, set out in its terms of reference, includes among others, the following:

(a) Appointment and Evaluation

(i) To consider and recommend candidates for directorship to the Board and membership to Board Committees based on the following broad criteria:
- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- for independent non-executive directors, the ability to discharge their duties.

(ii) Reviewing annually the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board.
(iii) Assessing annually the effectiveness of the Board as a whole, including its size and composition, the Committees of the Board and the contribution of each individual Director and Chief Executive Officer.
(iv) Reviewing the training needs of Directors.

(b) Remuneration

(i) To recommend to the Board on the framework or broad policy for the remuneration of the Group's Chief Executive and senior management as the Committee is designated to consider.

The Nomination & Remuneration Committee meets at least once in a financial year and whenever required. During the financial year, the Nomination & Remuneration Committee held two (2) meetings during which the Committee undertook the following:

- considered and recommended the redesignation of the Executive Chairman to Non-Independent Non-Executive Chairman;
- considered the appointment of new Independent Director and members of the Committees;
- reviewed the Directors who are due for re-election/re-appointment at the Company's Fifty-Ninth Annual General Meeting to determine whether or not to recommend their re-election/re-appointment;
- reviewed the composition of the Board and the Board Committees and contribution of each individual Director and the Chief Executive Officer of the Company;
- reviewed the training courses attended by the Directors; and
- reviewed the remuneration package for Chief Executive Officer.

The Committee also reviewed the size of the Board and had concluded that it was appropriate.

Options Committee

The Options Committee is established to administer the Company's Employees' Share Option Scheme ("Scheme") in accordance to the Bylaws governing and constituting the Scheme as approved by the shareholders. The members of the Options Committee are as follows:

1. Tan Sri Azman Hashim - *Chairman*
2. Soo Kim Wai
3. Shalina Azman
4. Loh Kam Chuin
5. Lum Sing Fai

The Options Committee meets as and when required. No meeting was held during the financial year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board endeavours to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly announcement of financial results to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, the Directors have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Company and the Group keep proper accounting records in accordance with the provisions of the Companies Act, 1965 to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages 28 and 29 of this Annual Report.

Audit Committee

The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group. The minutes of the Audit Committee meetings are tabled to the Board for perusal and for action where appropriate.

Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the management and executive Board member at least twice a year and whenever deemed necessary.

The Audit Committee continuously reviews and monitors the suitability and independence of external auditors. As part of the annual audit exercise, the Company also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The roles of both the internal and external auditors are further described in the Audit Committee Report.

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its businesses and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's annual general meeting remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development. As a best practice, the Chairman would at the commencement of the general meeting inform the shareholders of their right to request to vote by poll.

Corporate and financial information of the Company as well as the Company's announcements to Bursa Malaysia Securities Berhad are also made available to the public through the Company's website at www.rce.com.my. In addition, investors may raise queries regarding RCE Group via email to corporate@rce.com.my.

Investor Relations

The Group values dialogues with its investors. Occasionally, briefings and open discussions with institutional/prospective investors, local analysts and fund managers are held to update investors on the Group's operations and financial results.

Primary contact for investor relations matters is Mr. Loh Kam Chuin, the Chief Executive Officer. Mr. Loh, aged 47, holds a Bachelor of Business-Banking and Finance from the University of South Australia and has been with the Group since year 1995.

Contact Details
Telephone number: +603-4047 0888
E-mail: IR@rce.com.my

Sustainability of Business

The Board is cognisant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance shall be taken into consideration. To this end, initiatives are undertaken to harness the market's potential for sustainability products and services and to minimise sustainability costs and risks.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the importance of corporate social responsibility ("CSR") as an integral part of business and strongly pursues its belief of caring for and sharing with people, business associates and the community. In this respect, the Group continued its initiative to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community thereby creating value to our shareholders and enhancing the long term sustainability of the Group. As a responsible corporate citizen who pursues sustainable growth, we are continuously finding ways to sustain our momentum in everything that we do, including the development and rollout of our CSR initiatives.

RCE organised its 7th year consecutive free health screening tests in collaboration with National Kidney Foundation to raise awareness of kidney diseases on their prevention and better health management. The health screening was held at Jabatan Akauntan Negara Malaysia, Putrajaya for the government servants.

Whilst the Group pursues its business commitment, the Group acknowledges its responsibility to preserve the natural environment and is committed to achieving good standards of environmental performance, preventing pollution and minimising the impact of its operations to the least. The Group ensures that waste is re-used or re-cycled as far as possible with the aim of inculcating environmental awareness in its employees and at the same time develop awareness of people around it. Wastage reduction is an area of priority for the Group and departments practice recycling paper, double-sided printing, minimising colour printing and using electronic communications instead of hard copy printouts where possible.

The Group continuously contributes towards the needs of the less fortunate groups. In conjunction with Chinese New Year celebration, RCE in collaboration with its business partner organised visitation trip to Rumah Amal Cheshire (Home for the aged handicapped) to distribute goodies bag and ang pows to the residents of the Home. They were treated lunch and lion dance performance. Our staff also participated and mingle with the residents of the Home to extend a spirit of affection and care.

The Group believes that education plays a major role and is a key attributor to the success of the individual and the nation. The Group through Yayasan Azman Hashim continue to extend study grant to deserving students in the hope to build future generations of exemplary young leaders who possess the ambition to excel in whatever they do.

A great deal of effort and resources are channeled into the Group's CSR programmes and the top management is directly involved in the Group's CSR efforts. We look upon the giving back to society in the hope of making a difference in the many lives we touches.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 21 May 2014.

Free health screening at Jabatan Akauntan Negara Malaysia, Putrajaya

Visiting the residents of Rumah Amal Cheshire during Chinese New Year

Additional Compliance Information

1. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. Share Buy-Back

The information on share buy-back during the financial year is set out in Note 28 to the Financial Statements.

3. Options or Convertible Securities

No options or convertible securities were exercised nor redeemed nor converted during the financial year.

There were no options or convertible securities issued by the Company during the financial year.

4. Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") implemented on 15 September 2009 is the only ESOS in existence during the financial year ended 31 March 2014. The details of which are as follows:

(a) The total number of options granted, exercised, cancelled and outstanding under the ESOS since its commencement up to the financial year ended 31 March 2014 are set out below:

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executive**
Granted	17,843,900	7,300,000
Exercised	326,700	-
Cancelled	4,493,000	200,000
Outstanding	13,024,200	7,100,000

After adjustment pursuant to the Bonus Issue of ordinary shares on 1 November 2012, one (1) option entitles the ESOS holder to subscribe for 1.5 new ordinary shares of the Company.

(b) Percentages of options applicable to Directors and senior management under the ESOS since its commencement up to the financial year ended 31 March 2014 are set out below:

Directors and Senior Management	**Percentage**
(i) Aggregate maximum allocation	50%
(ii) Actual options granted	7.8%

(c) No options were granted nor exercised under the ESOS during the financial year ended 31 March 2014.

(d) No options were granted nor exercised by the Non-Executive Directors during the financial year ended 31 March 2014.

5. Depository Receipt Programme

There was no Depository Receipt Programme sponsored by the Company during the financial year.

6. Non-Audit Fees

The amount of non-audit fee incurred for services rendered by the external auditors and their affiliated company or firm to the Group for the financial year ended 31 March 2014 was RM54,950.

7. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

8. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

9. Variation in Results

There were no variance of 10% or more between the audited results for the financial year and the unaudited results announced.

10. Utilisation of Proceeds

During the financial year, there were no proceeds raised from any corporate proposal.

11. Disclosure Pursuant To Malaysian Code On Take-Overs And Mergers 2010 ("Code")

Securities Commission Malaysia has, vide its letter dated 1 October 2012, approved the exemption for Cempaka Empayar Sdn Bhd ("Cempaka") and persons acting in concert with Cempaka ("PACs") from the obligation to undertake a take-over offer for all the remaining shares and convertible securities in the Company not already owned by them under Paragraph 16.1(c) of Practice Note 9 of the Code ("Exemption").

The following are the relevant disclosures made in compliance with Paragraph 16.13(b) of Practice Note 9 of the Code:

(i) The validity period for the Exemption is from 1 October 2012 up to 27 November 2019;

(ii) The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in the Company held by Cempaka and PACs as at 31 July 2014 are as follows:

	Number of Ordinary Shares (Direct)	% (1)	Number of RCPS (Direct)	% (2)	Number of ESOS Options	% (3)	Number of ESOS Option Shares	% (4)
Cempaka	509,140,753	44.78	451,024,881	96.08	-	-	-	-
Amcorp Group Berhad	-	-	-	-	-	-	-	-
Clear Goal Sdn Bhd	-	-	-	-	-	-	-	-
Tan Sri Azman Hashim	-	-	-	-	2,000,000	15.56	3,000,000	15.56
Soo Kim Wai	-	-	-	-	1,500,000	11.67	2,250,000	11.67
Shalina Azman	-	-	-	-	1,200,000	9.34	1,800,000	9.34
Shahman Azman	-	-	-	-	900,000	7.00	1,350,000	7.00
Total	509,140,753	44.78	451,024,881	96.08	5,600,000	43.57	8,400,000	43.57

Notes:

(1) Based on the issued and paid-up share capital of the Company of 1,137,045,595 ordinary shares (excluding a total of 36,546,900 treasury shares) as at 31 July 2014.

(2) Based on the total of 469,436,998 RCPS outstanding as at 31 July 2014.

(3) Based on the total of 12,852,700 ESOS options outstanding as at 31 July 2014.

(4) Based on 1.5 times subscription rights per ESOS option, resulting in a total of 19,279,050 ESOS option shares as at 31 July 2014.

(iii) The maximum potential voting shares of Cempaka and PACs in the Company, if only Cempaka and PACs (but not other holders) exercise the conversion of RCPS or options in full is 968,565,634 ordinary shares representing 60.67% of the resulting enlarged issued and paid-up share capital of the Company;

(iv) Cempaka and PACs shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion of RCPS or subscription rights or options of the Company (excluding issuance of new shares following the exercise of the conversion or subscription rights or options, or where all shareholders of the Company are entitled to new shares, rights, conversion or subscription rights or options on a pro-rata basis) throughout the validity period of the Exemption; and

(v) A mandatory offer obligation by Cempaka and PACs to acquire all the remaining shares and convertible securities in the Company not already owned by them will not arise following the full conversion of RCPS and the exercise of existing ESOS options by Cempaka and PACs as the Exemption has been granted.

12. List of Properties

The details of the Group's properties are as follows:

Location	Tenure	Age of Building (Years)	Area (sq. ft.)	Description/ Existing Use	Net Book Value (RM'000)	Date of Acquisition	Date of Valuation	Expiry Date
Unit No. 1502 Level 15 Menara PJ Pusat Perdagangan AMCORP 18 Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan	Leasehold	17	5,511	Office	1,479	31.12.2004	31.03.2014	11.09.2088
Unit 24 Jalan Tasik Selatan 4 Bandar Tasik Selatan 57000 Kuala Lumpur	Leasehold	14	11,256	6-Storey Shop Office	1,064	05.09.2008	31.03.2014	29.06.2087
					2,543			

13. Recurrent Related Party Transactions

The information on recurrent related party transactions for the financial year is set out in the financial statements.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") is responsible for the Group's risk management and internal control system as well as reviewing its adequacy and effectiveness.

The Group's system of risk management and internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of RCE Capital Berhad is pleased to disclose that:

(i) there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year up to the date of approval of this statement;

(ii) the said process is regularly reviewed by the Board and accords with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Issuers; and

(iii) the Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

The Board summarises below the process it has applied in reviewing the adequacy and the effectiveness of the risk management and internal control system:

(i) The Board has appointed the Audit Committee to examine the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through the review of the internal audit department's work, which focuses on areas of priority as identified by risk analysis and in accordance with audit plan approved by the Audit Committee.

The Group has engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit functions. The internal audit department is headed by Ms. Chia Meng Yee, aged 44, since year 2001. She is a member of MICPA.

(ii) The Group's Risk Management framework is outlined in the Group's Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's Risk Management framework. A Risk Management Committee comprising members of senior management monitors the risks faced by the Group. The Risk Management Committee reports to the Audit Committee. The Risk Management Committee is chaired by Puan Shalina Azman, a Director of RCE Capital Berhad.

The operations of the Group are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The nature and extent of the risks and the measures taken by the Group to minimise those risks are disclosed in the notes to the financial statements.

(iii) The framework of the Group's risk management, internal control and key procedures include:

- A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.

- Key functions such as accounts, tax, corporate secretarial, treasury, insurance and legal matters are controlled centrally. The Corporate Secretarial Department is headed by the Company Secretary, Mr. Johnson Yap Choon Seng, aged 44, who is also the officer primarily responsible for the financial management of RCE Capital Berhad. He was appointed as the Company Secretary in year 2005. He obtained his Master in Business Administration at National University of Singapore and is a Fellow of the Association of Certified Chartered Accountants. He is also a member of the Malaysian Institute of Accountants.

- The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.

- Policies and procedures are clearly documented in the standard operating procedures of most of the operating units in the Group in which their operations must comply.

- Corporate values, which emphasises ethical behaviour, quality products and services, are set out in the Group's Employee Handbook.

(iv) The Group also practices Annual Budgeting and monitoring process as follows:

- There is an annual budgeting process for each area of business and approval of the annual budget by the Board.

- Actual performance compared with budget together with explanation of any major variance is reviewed monthly while budget for the current year is reviewed at least semi-annually.

The Board is of the view that the risk management and internal control systems are satisfactory and there were no material losses incurred during the current financial year as a result of weaknesses in internal control.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of RCE Capital Berhad consists of:

Name	Designation	Directorship
Dato' Ab. Halim bin Mohyiddin*	Chairman	Independent Director
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	Independent Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Independent Director
Dato' Che Md Nawawi bin Ismail	Member	Independent Director
Tan Bun Poo*	Member	Independent Director
Soo Kim Wai *	Member	Non-Independent Non-Executive Director

Note:
** Dato' Ab. Halim bin Mohyiddin, Mr. Tan Bun Poo and Mr. Soo Kim Wai are members of the Malaysian Institute of Accountants.*

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2014, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Dato' Ab. Halim bin Mohyiddin	4/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Dato' Che Md Nawawi bin Ismail	3/4
Tan Bun Poo *(Appointed on 1 June 2013)*	3/3
Soo Kim Wai	4/4

The representative of the Internal Audit attended all the meetings held during the financial year. Other senior management personnel and the representatives of the external auditors also attended these meetings upon invitation to brief the Audit Committee on specific issues.

SUMMARY OF TERMS OF REFERENCE

The summary of the terms of reference of the Audit Committee are as set out below:

1.0 Composition

1.1 The Board shall elect the Audit Committee members from amongst themselves and consist of not less than three (3) non-executive directors, with a majority of them being independent directors. The Chairman of the Audit Committee shall be an independent director.

1.2 At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA) or have the relevant qualifications and experience as specified in the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

1.3 No alternate director shall be appointed as a member of Audit Committee.

1.4 Any vacancy in the Audit Committee resulting in non-compliance of the said requirements must be filled within three (3) months.

1.5 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

2.0 Quorum and Procedures of Meetings

2.1 Meetings shall be held not less than four (4) times in a financial year. The meetings shall have a quorum of three (3) members; the majority of the members present must be independent directors.

2.2 The Company Secretary shall act as Secretary of the Audit Committee.

2.3 The Audit Committee may invite other Board members, senior management personnel, a representative of the external auditors and external independent professional advisers to attend the Audit Committee meetings.

2.4 The Audit Committee shall meet with the external auditors without the executive board members' present, at least twice in a financial year.

3.0 Authority

3.1 The Audit Committee is authorised by the Board to:

- investigate any matter within its terms of reference;
- have full and unrestricted access to any information pertaining to the Company and the Group;
- have direct communication channels with the internal and external auditors, and with the management of the Group; and
- have resources which are required to perform its duties and to obtain external legal or other independent professional advice it considers necessary.

3.2 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

4.0 Duties and Responsibilities

The Audit Committee shall review and, where appropriate, report to the Board of Directors the following:

(a) Risk Management and Internal Control

- The adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group
- The Group's risk management policy and implementation of the risk management framework
- The appointment or termination of members of the risk management committee
- The report of the risk management committee

(b) Internal Audit

- The adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work
- Any appraisal or assessment of the performance of members of the internal audit function, including the Head of Internal Audit; and approve any appointment or termination of senior staff members of the internal audit function

(c) External Audit

- The external auditors' audit plan, the scope of their audits and their evaluation of the system of internal controls
- The appointment and performance of external auditors, the audit fee and any question of resignation or dismissal

(d) Audit Reports

- Internal and external audit reports together with management's responses and, where necessary, ensure that appropriate action is taken on major deficiencies in controls or procedures that are identified, including status of previous audit recommendations
- Findings of internal investigations and related management responses

(e) Financial Reporting

The quarterly results and the year end financial statements of the Company and the Group, focusing particularly on:

- changes in accounting policies and practices
- significant adjustments arising from the audit
- significant and unusual events
- going concern assumption
- compliance with accounting standards and other legal requirements

(f) Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group.

(g) Allocation of Share Options

Verification on the allocation of share options to ensure compliance with the criteria for allocation of share options pursuant to the share scheme for employees of the Group at the end of each financial year.

(h) Other Functions

Any such other functions as the Audit Committee considers appropriate or as authorised by the Board of Directors.

SUMMARY OF ACTIVITIES

The Audit Committee had carried out the following activities during the financial year:

- **Financial Results**

  a. Reviewed the quarterly unaudited financial results of the Group prior to recommending them for the Board's approval.

  b. Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for their consideration and approval. The review was focusing particularly on changes of accounting policy, significant and unusual events and compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements.

- **Internal Audit**

  a. Reviewed the annual audit plan for adequacy of scope and coverage on the activities of the Group.

  b. Reviewed the audit programmes, resource requirements for the year and assessed the performance of the internal audit function.

  c. Reviewed the internal audit reports, audit recommendations made and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

  d. Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.

  e. Reviewed the Control Self-Assessment ratings submitted by the respective operations management.

  f. Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

- **External Audit**

  a. Reviewed with the external auditors:

     - the audit planning memorandum, audit strategy and scope of work for the year.
     - the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditors.

  b. Reviewed the performance of the external auditors and made recommendations to the Board on their re-appointment and remuneration.

  c. Held two (2) discussions with the external auditors without the presence of management and executive board members.

- **Related Party Transactions**

  a. Reviewed the related party transactions entered into by the Group.

  b. Reviewed the recurrent related party transactions of a revenue or trading nature on quarterly basis in accordance with the mandate given by shareholders.

INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The total cost incurred for the internal audit function of the Group for the financial year ended 31 March 2014 was RM268,000.

The scope of internal audit functions performed by the internal audit encompasses audit visits to all relevant subsidiaries of the Group on a regular basis. The objectives of such audit visits are to determine whether adequate controls have been established and are operating in the Group, to provide reasonable assurance that:

- business objectives and policies are adhered to
- operations are cost effective and efficient
- assets and resources are satisfactorily safeguarded and efficiently used
- integrity of records and information is protected
- applicable laws and regulations are complied with

The emphasis of such audit visits encompass critical areas of the Group such as revenue, cost of sales, expenditure, assets, internal controls, operating performance and financial statements review. Audit reports are issued to highlight any deficiency or findings requiring the management's attention. Such reports also include practical and cost effective recommendations as well as proposed corrective actions to be adopted by the management. The audit reports and management's responses are circulated to the Audit Committee and the Group Chairman for review and comments. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

Financial Statements

Directors' Report

The directors of **RCE CAPITAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2014 are as follows:

	The Group RM	The Company RM
Profit for the financial year	12,512,533	3,846,701

In the opinion of the directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Dividends declared or paid by the Company since the end of the previous financial year are as follows:

		RM
(a)	Single-tier preference share dividend of 20% on 469,436,998 redeemable convertible non-cumulative preference shares ("RCPS'), approved on 6 November 2013 and paid on 4 December 2013	9,388,740
(b)	In respect of financial year ended 31 March 2013:	
	Final single-tier dividend of 15% on 1,169,859,595 ordinary shares, declared on 20 September 2013 and paid on 9 October 2013	17,547,892

The directors recommend the payment of a final single-tier dividend of 15% on 1,157,190,595 ordinary shares amounting to RM17,357,859 in respect of the financial year ended 31 March 2014, which is subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2015.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 29 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 16,391,900 of its ordinary shares of RM0.10 each listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.274 per share. The total consideration paid including transaction costs of RM4,578,384 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2014, the number of ordinary shares in issue after the share buy-back is 1,157,190,595 shares of RM0.10 each. Further relevant details are disclosed in Note 28 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and is to be in force for a period of ten (10) years from the date of implementation. The salient features of the ESOS are disclosed in Note 36 to the financial statements.

No share options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any share options to take up unissued shares of the Company.

The movements in number of share options pursuant to the ESOS during the financial year are as follows:

		ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
Grant date	**Exercise price per share RM**	**Balance as at 1.4.2013**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 31.3.2014**
24 March 2010	0.42	14,213,500	-	-	(1,189,300)	13,024,200

Note:
One (1) option is exercisable into 1.5 new ordinary shares of the Company.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The directors who served on the Board of the Company since the date of the last report are:

Tan Sri Azman Hashim
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Ab. Halim Bin Mohyiddin
Major General (Rtd) Dato' Haji Fauzi Bin Hussain
Dato' Che Md Nawawi Bin Ismail
Soo Kim Wai
Shalina Azman
Shahman Azman
Tan Bun Poo (Appointed on 1 June 2013)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of directors in office at the end of the financial year in shares and share options over shares in the Company during the financial year are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.4.2013	Bought	Sold	Balance as at 31.3.2014
Indirect interest				
Tan Sri Azman Hashim	509,140,753	-	-	509,140,753

	Number of RCPS of RM0.10 each			
	Balance as at 1.4.2013	Bought	Sold	Balance as at 31.3.2014
Indirect interest				
Tan Sri Azman Hashim	451,024,881	-	-	451,024,881

	Number of options over ordinary shares of RM0.10 each			
	Balance as at 1.4.2013	Granted	Exercised	Balance as at 31.3.2014
Tan Sri Azman Hashim	2,000,000	-	-	2,000,000
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan	200,000	-	-	200,000
Major General (Rtd) Dato' Haji Fauzi Bin Hussain	200,000	-	-	200,000
Dato' Che Md Nawawi Bin Ismail	200,000	-	-	200,000
Soo Kim Wai	1,500,000	-	-	1,500,000
Shalina Azman	1,200,000	-	-	1,200,000
Shahman Azman	900,000	-	-	900,000

DIRECTORS' INTERESTS (CONT'D)

By virtue of Tan Sri Azman Hashim's interest being more than 15% of the share capital of the Company, he is deemed to have interests in the shares in all the subsidiary companies to the extent that the Company has an interest.

Other than those disclosed above, none of the other directors in office at the end of the financial year held any interest in shares and options over shares in the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 25 to the financial statements.

During and at the end of the financial year, there are no arrangement subsisted to which the Company is a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the share options granted pursuant to the Company's ESOS as disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors

TAN SRI AZMAN HASHIM **SOO KIM WAI**

Kuala Lumpur
26 May 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **RCE CAPITAL BERHAD** which comprise the statements of financial position of the Group and of the Company as of 31 March 2014 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 116.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

(b) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(c) the auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29(c) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

Deloitte

DELOITTE
AF 0080
Chartered Accountants

SITI HAJAR BINTI OSMAN
Partner - 3061/04/15 (J)
Chartered Accountant

Kuala Lumpur
26 May 2014

Statements of Comprehensive Income
for the financial year ended 31 March 2014

		The Group		The Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	5	130,261,327	166,652,267	2,305,840	18,859,829
Other income		16,043,602	17,723,273	4,043,551	2,606,093
Interest expense applicable to revenue	6	(39,674,384)	(53,425,366)	-	-
Directors' remuneration	7	(1,359,740)	(1,452,190)	(306,000)	(252,000)
Staff costs	8	(13,297,948)	(12,792,940)	-	-
Depreciation of plant and equipment	15	(1,870,746)	(1,635,580)	-	-
Depreciation of investment properties	16	(60,548)	(60,548)	-	-
Other expenses		(75,778,629)	(80,761,131)	(1,061,430)	(1,356,757)
Finance costs	9	(38,594)	(37,682)	-	-
Profit before tax	10	14,224,340	34,210,103	4,981,961	19,857,165
Income tax expense	11	(1,711,807)	(24,490,919)	(1,135,260)	(1,796,197)
Total comprehensive income for the financial year		12,512,533	9,719,184	3,846,701	18,060,968
Attributable to:					
Owners of the Company		12,512,533	9,719,184		
Earnings per ordinary share:					
Basic (sen)	13	0.27	0.83		
Diluted (sen)	13	0.27	0.73		

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2014

	Note	The Group 31.3.2014 RM	The Group 31.3.2013 RM	The Group 1.4.2012 RM	The Company 31.3.2014 RM	The Company 31.3.2013 RM	The Company 1.4.2012 RM
ASSETS							
Non-Current Assets							
Plant and equipment	15	10,515,646	7,899,527	3,138,592	-	1	1
Investment properties	16	2,542,996	2,603,544	2,664,092	-	-	-
Investment in subsidiary companies	17	-	-	-	327,215,398	332,215,398	332,215,398
Goodwill on consolidation	18	28,676,975	28,676,975	28,676,975	-	-	-
Loans and receivables	19	786,156,201	811,364,306	802,327,389	-	-	-
Trade receivables	20	1,564,951	3,206,084	-	-	-	-
Other investments	21	2	2	2	2	2	2
Available-for-sale ("AFS") financial assets	22	-	-	-	-	-	-
Deferred tax assets	23	21,898,310	16,478,911	20,792,177	-	604	2,350
Total Non-Current Assets		851,355,081	870,229,349	857,599,227	327,215,400	332,216,005	332,217,751
Current Assets							
Loans and receivables	19	138,829,988	119,621,134	149,328,514	-	-	-
Trade receivables	20	19,575,519	24,914,702	34,419,702	-	-	-
Other receivables, deposits and prepaid expenses	24	16,355,206	11,453,483	27,207,467	59,807	50,048	933,055
Amounts due from subsidiary companies	25	-	-	-	179,935,691	202,415,687	18,153,662
Deposits with licensed financial institutions	26	288,309,742	414,280,493	386,709,581	-	18,014	13,325
Cash and bank balances	26	2,771,297	5,021,384	7,047,124	336	1,571	1,981
Total Current Assets		465,841,752	575,291,196	604,712,388	179,995,834	202,485,320	19,102,023
Total Assets		1,317,196,833	1,445,520,545	1,462,311,615	507,211,234	534,701,325	351,319,774

		The Group			The Company		
	Note	31.3.2014 RM	31.3.2013 RM	1.4.2012 RM	31.3.2014 RM	31.3.2013 RM	1.4.2012 RM
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital							
Ordinary shares	27	117,359,249	117,359,249	78,239,517	117,359,249	117,359,249	78,239,517
Redeemable convertible non-cumulative preference shares ("RCPS")	27	46,943,700	46,943,700	-	46,943,700	46,943,700	-
Treasury shares	28	(4,580,778)	(2,394)	-	(4,580,778)	(2,394)	-
Reserves	29	525,527,309	539,951,408	450,982,788	346,958,078	370,048,009	272,737,605
Total Equity		685,249,480	704,251,963	529,222,305	506,680,249	534,348,564	350,977,122
Non-Current Liabilities							
Hire-purchase payables	30	404,518	652,374	512,443	-	-	-
Borrowings	31	360,627,169	503,138,877	449,514,691	-	-	-
Deferred tax liabilities	23	30,576,685	36,556,710	41,419,542	-	-	-
Total Non-Current Liabilities		391,608,372	540,347,961	491,446,676	-	-	-
Current Liabilities							
Payables and accrued expenses	32	14,065,080	22,194,851	23,751,864	333,229	255,628	342,652
Hire-purchase payables	30	232,682	243,278	206,471	-	-	-
Borrowings	31	221,706,953	177,363,889	414,431,192	-	-	-
Tax liabilities		4,334,266	1,118,603	3,253,107	197,756	97,133	-
Total Current Liabilities		240,338,981	200,920,621	441,642,634	530,985	352,761	342,652
Total Liabilities		631,947,353	741,268,582	933,089,310	530,985	352,761	342,652
Total Equity and Liabilities		1,317,196,833	1,445,520,545	1,462,311,615	507,211,234	534,701,325	351,319,774

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2014

		Share Capital		Total		Non-Distributable Reserves		Distributable Reserve		
		Ordinary Shares	RCPS	Share Capital	Treasury Shares	Share Premium	Share Options	Retained Earnings	Total Reserves	Total
The Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 April 2012		78,239,517	-	78,239,517	-	58,584,019	5,634,501	386,764,268	450,982,788	529,222,305
Total comprehensive income		-	-	-	-	-	-	9,719,184	9,719,184	9,719,184
Transactions with owners										
Issuance of RCPS	27	-	46,943,700	46,943,700	-	131,442,359	-	-	131,442,359	178,386,059
Issuance of bonus shares	27	39,119,732	-	39,119,732	-	(39,119,732)	-	-	(39,119,732)	-
Dividends	14	-	-	-	-	-	-	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		-	-	-	-	-	(412,887)	412,887	-	-
Share repurchased	28	-	-	-	(2,394)	-	-	-	-	(2,394)
Share issuance expenses	29(a)	-	-	-	-	(1,337,266)	-	-	(1,337,266)	(1,337,266)
Total transactions with owners		39,119,732	46,943,700	86,063,432	(2,394)	90,985,361	(412,887)	(11,323,038)	79,249,436	165,310,474
Balance as at 31 March 2013		117,359,249	46,943,700	164,302,949	(2,394)	149,569,380	5,221,614	385,160,414	539,951,408	704,251,963
Balance as at 1 April 2013		117,359,249	46,943,700	164,302,949	(2,394)	149,569,380	5,221,614	385,160,414	539,951,408	704,251,963
Total comprehensive income		-	-	-	-	-	-	12,512,533	12,512,533	12,512,533
Transactions with owners										
Dividends	14	-	-	-	-	-	-	(26,936,632)	(26,936,632)	(26,936,632)
Cancellation of share options		-	-	-	-	-	(436,913)	436,913	-	-
Share repurchased	28	-	-	-	(4,578,384)	-	-	-	-	(4,578,384)
Total transactions with owners		-	-	-	(4,578,384)	-	(436,913)	(26,499,719)	(26,936,632)	(31,515,016)
Balance as at 31 March 2014		117,359,249	46,943,700	164,302,949	(4,580,778)	149,569,380	4,784,701	371,173,228	525,527,309	685,249,480

The Company	Note	Share Capital Ordinary Shares RM	Share Capital RCPS RM	Total Share Capital RM	Treasury Shares RM	Non-Distributable Reserves Share Premium RM	Non-Distributable Reserves Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2012		78,239,517	-	78,239,517	-	58,584,019	5,634,501	208,519,085	272,737,605	350,977,122
Total comprehensive income		-	-	-	-	-	-	18,060,968	18,060,968	18,060,968
Transactions with owners										
Issuance of RCPS	27	-	46,943,700	46,943,700	-	131,442,359	-	-	131,442,359	178,386,059
Issuance of bonus shares	27	39,119,732	-	39,119,732	-	(39,119,732)	-	-	(39,119,732)	-
Dividends	14	-	-	-	-	-	-	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		-	-	-	-	-	(412,887)	412,887	-	-
Share repurchased	28	-	-	-	(2,394)	-	-	-	-	(2,394)
Share issuance expenses	29(a)	-	-	-	-	(1,337,266)	-	-	(1,337,266)	(1,337,266)
Total transactions with owners		39,119,732	46,943,700	86,063,432	(2,394)	90,985,361	(412,887)	(11,323,038)	79,249,436	165,310,474
Balance as at 31 March 2013		117,359,249	46,943,700	164,302,949	(2,394)	149,569,380	5,221,614	215,257,015	370,048,009	534,348,564
Balance as at 1 April 2013		117,359,249	46,943,700	164,302,949	(2,394)	149,569,380	5,221,614	215,257,015	370,048,009	534,348,564
Total comprehensive income		-	-	-	-	-	-	3,846,701	3,846,701	3,846,701
Transactions with owners										
Dividends	14	-	-	-	-	-	-	(26,936,632)	(26,936,632)	(26,936,632)
Cancellation of share options		-	-	-	-	-	(436,913)	436,913	-	-
Share repurchased	28	-	-	-	(4,578,384)	-	-	-	-	(4,578,384)
Total transactions with owners		-	-	-	(4,578,384)	-	(436,913)	(26,499,719)	(26,936,632)	(31,515,016)
Balance as at 31 March 2014		117,359,249	46,943,700	164,302,949	(4,580,778)	149,569,380	4,784,701	192,603,997	346,958,078	506,680,249

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 March 2014

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	14,224,340	34,210,103	4,981,961	19,857,165
Adjustments for:				
Allowance for impairment loss on receivables, net	64,023,773	58,500,170	-	-
Depreciation of plant and equipment	1,870,746	1,635,580	-	-
Amortisation of discount on medium term notes ("MTNs")	647,842	832,520	-	-
Plant and equipment written off	132,396	8	1	-
Depreciation of investment properties	60,548	60,548	-	-
Finance costs	38,594	37,682	-	-
Loss on early redemption of asset-backed securities ("ABS")	-	5,594,000	-	-
Investment income	(9,719,181)	(11,566,769)	(184)	(78,964)
Gain on disposal of plant and equipment	(31,936)	(102,536)	-	-
Interest income on amounts due from subsidiary companies	-	-	(4,043,367)	(2,527,114)
Dividend income	-	-	(856,667)	(13,850,000)
Operating Profit Before Working Capital Changes	71,247,122	89,201,306	81,744	3,401,087
(Increase)/Decrease in:				
Loans and receivables	(57,169,054)	(41,001,024)	-	-
Trade receivables	6,124,848	9,470,233	-	-
Other receivables, deposits and prepaid expenses	(4,478,132)	11,034,771	(9,759)	243,106
Amounts due from subsidiary companies	-	-	13,023,363	(168,234,911)
(Decrease)/Increase in:				
Payables and accrued expenses	(10,274,121)	(4,525,014)	77,601	(87,024)
Cash Generated From/(Used In) Operations	5,450,663	64,180,272	13,172,949	(164,677,742)
Taxes paid	(16,779,187)	(26,894,538)	(1,252,760)	(1,558,533)
Taxes refunded	6,520,788	4,499,930	218,727	501,116
Net Cash (Used In)/Generated From Operating Activities	(4,807,736)	41,785,664	12,138,916	(165,735,159)

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	9,719,181	11,566,769	184	78,964
Proceeds from disposal of plant and equipment	181,452	103,700	-	-
Dividend received	-	-	14,356,667	350,000
Proceeds from redemption of preference shares	-	-	5,000,000	-
Additions to plant and equipment	(4,180,777)	(5,973,687)	-	-
Net Cash Generated From Investing Activities	5,719,856	5,696,782	19,356,851	428,964
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	225,720,000	56,024,000	-	-
Drawdown of other borrowings	45,499,413	59,666,116	-	-
Withdrawal of deposits and cash and bank balances, net:				
Assigned in favour of the trustees	11,367,864	94,006,550	-	-
Pledged to licensed financial institutions	9,827,649	3,073,702	-	-
Drawdown of term loan	-	290,380,475	-	-
Proceeds from issuance of RCPS	-	178,386,059	-	178,386,059
Repayment of revolving credits	(172,300,000)	(158,375,066)	-	-
Repayment of term loans	(72,073,159)	(195,751,304)	-	-
Repayment of other borrowings	(49,037,150)	(58,313,025)	-	-
Redemption of ABS	(40,000,000)	(140,594,000)	-	-
Redemption of MTNs	(35,000,000)	(40,000,000)	-	-
Dividends paid	(26,936,632)	(11,735,925)	(26,936,632)	(11,735,925)
Shares repurchased	(4,578,384)	(2,394)	(4,578,384)	(2,394)
Repayment of hire-purchase payables	(388,452)	(247,262)	-	-
Finance costs paid	(38,594)	(37,682)	-	-
Share issuance expenses	-	(1,337,266)	-	(1,337,266)
Net Cash (Used In)/Generated From Financing Activities	(107,937,445)	75,142,978	(31,515,016)	165,310,474
NET CHANGE IN CASH AND CASH EQUIVALENTS	(107,025,325)	122,625,424	(19,249)	4,279
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	124,773,202	2,147,778	19,585	15,306
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 26)	17,747,877	124,773,202	336	19,585

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at 20th Floor, Bangunan AmAssurance, No. 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are as disclosed in Note 17. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 May 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

2.1 Changes in Accounting Policies

As at the date of issuance of the financial statements, certain new and revised MFRSs, Amendments and IC interpretations which are relevant to the operations of the Group and the Company are as follows:

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)

Amendments to:

MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements: Transition Guidance
MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
MFRS 101	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Amendments to MFRSs classified as "Annual Improvements 2009 – 2011 Cycle"

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.1 Changes in Accounting Policies (Cont'd)

The adoption of the above does not give rise to any material financial effects on the financial statements of the Group and the Company other than the effects and changes as discussed below:

(a) MFRS 13, Fair Value Measurement ("MFRS 13")

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements which apply to both financial and non-financial instruments items.

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market participants at the measurement date. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Besides, MFRS 13 includes extensive disclosures requirements.

In accordance with the transitional provisions of MFRS 13, the Group has applied the new fair value measurement guidance prospectively. Accordingly, no comparative information for disclosures is required. Other than the additional disclosures, the application of MFRS 13 has no significant impact on the amounts recognised in the financial statements.

(b) Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)

The amendments specify that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

In the current financial year, the Group has reclassified certain items as enhancements to the presentation and classification as disclosed in Note 37. In accordance with the amendments to MFRS 101, the Group has presented a third statement of financial position as at 1 April 2012 without the related notes.

2.2 Standards, Amendments and Interpretations Issued But Not Yet Effective

The Group and the Company have not adopted the following standards, amendments and interpretations that have been issued but not yet effective:

MFRS 9	Financial Instruments (2009)[3]
MFRS 9	Financial Instruments (2010)[3]
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)[3]
IC interpretation 21	Levies[1]

Amendments to:

MFRS 10	Consolidated Financial Statements – Investment Entities[1]
MFRS 12	Disclosure of Interests in Other Entities – Investment Entities[1]
MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions[2]
MFRS 127	Separate Financial Statements (2011) – Investment Entities[1]

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.2 Standards, Amendments and Interpretations Issued But Not Yet Effective (Cont'd)

Amendments to (Cont'd) :

MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[1]
MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2010 – 2012 Cycle"[2]
Amendments to MFRSs classified as "Annual Improvements to MFRSs 2011 – 2013 Cycle"[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective date to be announced by the Malaysian Accounting Standard Board

The Group and the Company will adopt the above standards, amendments and interpretations when they become effective. The adoption will not result in any significant financial impact on the financial statements of the Group and the Company other than as discussed below:

(a) MFRS 9, Financial Instruments ("MFRS 9")

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. MFRS 9 replaces parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised costs. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's owns credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates accounting mismatch.

The Group anticipated that the application of MFRS 9 in the future may have impact on the amounts reported in respect of the Group's financial assets but not financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at its acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill in the statements of financial position (see Note 3.9 on Goodwill on Consolidation). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiary companies.

Control is achieved when the Group:

(a) has power over the investee,

(b) is exposed, or has rights, to variable returns from its involvement with the investee; and

(c) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) potential voting rights held by the Group, other vote holders or other parties;

(c) rights arising from other contractual arrangements; and

(d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting pattern at previous shareholders' meetings.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

When the Group ceases to have control, any retained interest in the subsidiary company is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the statements of financial position, separately from equity attributable to owners of the Company.

For each business combination, any non-controlling interest in the acquiree (if any) is recognised by the Group on the acquisition date either at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

All profit or loss and each component of other comprehensive income of the subsidiary companies are attributed to the owners of the Company and to the non-controlling interest even if the attribution of losses to the non-controlling interest results in a deficit balance in the shareholders' equity.

3.3 Revenue Recognition

Revenue of the Group consists mainly of interest income from loan financing, factoring and confirming activities, income derived from information technology ("IT") support services, dividend income, rental income and investment income.

Revenue of the Company consists of management fee, dividend income from subsidiary companies and investment income.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Overdue interest income

Overdue interest income is recognised upon collection.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income is recognised on an accrual basis.

(e) Management fees and IT services

Management fees and IT services are recognised when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(f) Investment income

Investment income is recognised on an accrual basis using the effective interest method.

3.4 Segment Reporting

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

Segment information is disclosed in Note 12.

3.5 Plant and Equipment and Depreciation

Plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to initial recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Office equipment, furniture and fittings	20%
Motor vehicles	20%
Office renovation	20%
Computers and IT equipment	25%

At each reporting date, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.11(d) on Impairment of Other Non-Financial Assets).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Plant and Equipment and Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

3.6 Leases and Hire-Purchase

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(b) Finance lease and hire-purchase

Assets acquired by way of finance leases or hire-purchase are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the statements of financial position as finance lease or hire-purchase.

In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine. Otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable plant and equipment (see Note 3.5 on Plant and Equipment and Depreciation).

(c) Operating lease

Leases other than finance lease are classified as operating lease and the related rental is charged to profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties are computed on a straight-line method to write off the cost over its estimated useful life at the annual depreciation rate of 2%.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the assets are recognised in profit or loss in the period of the retirement or disposal.

3.8 Investment in Subsidiary Companies

A subsidiary company is an entity, including structured entity, controlled by the Company.

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less accumulated impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.9 Goodwill on Consolidation

Goodwill arising on consolidation is the excess of cost of investment over the Group's share of the net fair value of net assets of the acquiree's identifiable assets, liabilities and contingent liabilities, and is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.10 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial Assets (Cont'd)

Financial assets are classified into the following specified categories: 'FVTPL', 'held-to-maturity', 'available-for-sale financial assets' ("AFS") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) AFS financial assets

AFS financial assets are financial assets that are designated as available for sale or are not classified as loans and receivables, financial assets at FVTPL or held-to-maturity investments.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS financial asset are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in AFS financial assets whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at fair value, including direct and incremental transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and/or losses are recognised in profit or loss upon derecognition or impairment, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets

(a) AFS financial assets

Significant or prolonged decline in fair value below cost, financial difficulties of the issuer or obligator, and/or the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment in quoted shares classified as AFS are impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

(b) Loans and receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the debtor, default or significant delay in payments and where observable data indicates that there is a measurable decrease in the estimated cash flows for instance, changes in arrears or economic conditions that correlate with defaults.

The impairment loss is recognised in profit or loss, and is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate ("EIR").

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The Group addresses the impairment of loans and receivables via either collective or individual assessment allowance as set out below:

(i) Collective assessment allowance

Collective allowance is maintained to reduce the carrying amount of portfolio of similar loans to their estimated recoverable amounts at the reporting date. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loan with similar credit risk characteristics and collectively assessed for impairment.

(ii) Individual assessment allowance

The Group determines the allowance appropriate for each significant loan on an individual basis. The allowance is established based primarily on estimates of the realisable value of the collateral(s) to secure the loan and is measured as the difference between the carrying amount of the loan and the present value of the expected future cash flows discounted at the original EIR of the loan.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets (Cont'd)

(c) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off as and when ascertained and impairment is made for any debts considered to be doubtful of collection.

(d) Other non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions and other short-term, highly liquid investments with maturities of three (3) months or less, which are readily convertible to known cash and are subject to an insignificant risk of changes in value.

3.13 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial Liabilities (Cont'd)

(a) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

The Group and the Company's other financial liabilities include payables and borrowings.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.14 Borrowing Costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.15 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base. Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the future taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

3.17 Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of the resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee Benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences.

(b) Defined contribution plan

The Group and the Company make statutory contributions to the Employee Provident Fund, a defined contribution pension scheme. Contributions are charged to profit or loss in the period in which the related service is performed. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(c) Share-based compensation

The Company's ESOS, an equity settled, share-based payment compensation plan, allows the Group's eligible directors and employees to acquire ordinary shares of the Company.

The total fair value of share options granted to eligible directors and employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the share options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the share options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable on vesting date.

At each reporting date, the Company revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the share options are exercised.

The amount attributable to exercised share options previously recognised in equity shall be transferred to share premium. Where share options have not been exercised by end of the option period and have expired, the amount attributable to these share options shall be transferred to retained earnings.

3.19 Foreign Currencies

(a) Functional and presentation currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the currency of the primary economic environment in which the Group and the Company operate ("the functional currency").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Foreign Currencies (Cont'd)

(b) Foreign currency transactions and balances

In preparing the financial statements of the Group, transactions in foreign currency other than the entity's functional currency are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

3.20 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities.

Ordinary shares and RCPS are classified as equity instruments. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Distributions to holders of ordinary shares are debited directly to equity and interim dividends declared on or before the end of the reporting date are recognised as liabilities. Final dividends are recognised upon the approval of shareholders in a general meeting.

Dividends for RCPS are recognised as distributions within equity.

3.21 Treasury Shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount is recognised in equity. When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable retained profits or both.

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Judgements Made in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except for those involving estimations which are dealt with in Note 4.2 below.

4.2 Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiary companies to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired based on the evaluation of collectibility and ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that sufficient future taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Fair value of borrowings

The fair value of borrowings is estimated by discounting future contractual cash flows at the current market interest rates available to the Group and the Company for similar financial instruments. It is assumed that the EIR approximate the current market interest rates available to the Group and the Company based on its size and its business risk.

5. REVENUE

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest income from:				
Loan financing	124,014,198	160,112,339	-	-
Factoring and confirming	2,919,049	3,479,503	-	-
Deposits with licensed financial institutions	274,122	318,107	-	-
Industrial hire purchase	34,810	87,011	-	-
	127,242,179	163,996,960	-	-
Factoring and confirming fee	1,752,700	1,583,179	-	-
Rental income	842,848	719,528	-	-
IT support service fee	423,600	352,600	-	-
Administrative fees from a subsidiary company	-	-	1,449,173	5,009,829
Dividend income from subsidiary companies	-	-	856,667	13,850,000
	130,261,327	166,652,267	2,305,840	18,859,829

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group	
	2014	2013
	RM	RM
Interest expense on:		
Term loans	15,534,369	15,773,048
ABS	10,653,644	16,311,381
Fixed rate medium term notes (“MTNs”)	10,316,707	13,602,134
Revolving credits	2,372,998	6,790,533
Bankers’ acceptances	526,969	621,344
Bank overdrafts	222,199	194,582
Trust receipts	47,498	132,344
	39,674,384	53,425,366

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors of the Company:				
Non-executive directors				
- Fees	260,000	210,000	260,000	210,000
- Other emoluments	920,000	42,000	46,000	42,000
- Defined contributions	179,740	-	-	-
	1,359,740	252,000	306,000	252,000
Executive directors				
- Other emoluments	-	934,000	-	-
- Defined contributions	-	266,190	-	-
	1,359,740	1,452,190	306,000	252,000
Benefits-in-kind	109,634	376,260	-	-
Total directors' remuneration	1,469,374	1,828,450	306,000	252,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands, are as follows:

	Number of directors	
	2014	2013
Non-executive directors:		
RM50,000 and below	8	7
RM1,150,001 - RM1,200,000	1	-
Executive directors:		
RM1,550,001 - RM1,600,000	-	1
	9	8

8. STAFF COSTS

	The Group	
	2014	2013
	RM	RM
Salaries	9,904,514	10,134,781
Defined contributions	1,389,910	1,385,281
Social security contributions	78,850	84,112
Others	1,924,674	1,188,766
	13,297,948	12,792,940

9. FINANCE COSTS

	The Group	
	2014	2013
	RM	RM
Interest expense on hire-purchase payables	38,594	37,682

10. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Investment income	9,719,181	11,566,769	184	78,964
Bad debts recoveries	2,706,660	2,281,998	-	-
Gain on disposal of plant and equipment	31,936	102,536	-	-
Realised gain on foreign exchange, net	16,737	14,560	-	-
Interest income on amounts due from subsidiary companies	-	-	4,043,367	2,527,114
Allowance for impairment loss on receivables, net	(64,023,773)	(58,500,170)	-	-
Rental of:				
Premises	(959,620)	(1,001,700)	-	-
Disaster recovery centre	(36,000)	(36,000)	-	-
Warehouse	(35,734)	(30,823)	-	-
Office equipment	(25,257)	(18,600)	-	-
Amortisation of discount on MTNs	(647,842)	(832,520)	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	(218,900)	(208,400)	(44,000)	(42,000)
- Overprovision in prior year	-	12,400	-	-
Non-statutory audit				
- Current year	(4,400)	(43,900)	(4,400)	(43,900)
Plant and equipment written off	(132,396)	(8)	(1)	-
Loss on early redemption of ABS	-	(5,594,000)	-	-

11. INCOME TAX EXPENSE

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Income tax payable:				
Current year	13,890,554	21,677,273	1,134,740	1,793,357
(Overprovision)/ Underprovision in prior years	(779,323)	3,363,212	(84)	1,094
	13,111,231	25,040,485	1,134,656	1,794,451
Deferred tax (Note 23):				
Current year	(15,188,128)	(23,375,587)	604	1,746
Underprovision in prior years	3,788,704	22,826,021	-	-
	(11,399,424)	(549,566)	604	1,746
Income tax expense	1,711,807	24,490,919	1,135,260	1,796,197

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before tax	14,224,340	34,210,103	4,981,961	19,857,165
Tax at applicable statutory tax rate of 25% (2013: 25%)	3,556,085	8,552,525	1,245,490	4,964,291
Tax effects of:				
Expenses not deductible for tax purposes	877,363	2,029,871	104,066	313,053
Income not subject to tax	(311,075)	(1,244,816)	(214,212)	(3,482,241)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and loans and receivables	287,998	37,245	-	-
Realisation of deferred tax assets not recognised previously	(5,707,945)	(11,073,139)	-	-
Tax at effective tax rate	(1,297,574)	(1,698,314)	1,135,344	1,795,103
(Overprovision)/Underprovision of tax in prior years	(779,323)	3,363,212	(84)	1,094
Underprovision of deferred tax in prior years	3,788,704	22,826,021	-	-
Income tax expense	1,711,807	24,490,919	1,135,260	1,796,197

11. INCOME TAX EXPENSE (CONT'D)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the year of assessment 2014. The computation of deferred tax as at 31 March 2014 uses the same statutory tax rate.

12. SEGMENT INFORMATION

The Group is organised into business units based on their services and has three reportable operating segments as follows:

(i) Loan financing services

This segment engages in provision of general loan financing.

(ii) Investment holding and management services

This segment engages in investment activities and provision of management services.

(iii) Factoring, confirming and industrial hire purchase

This segment engages in provision of factoring, confirming and industrial hire purchase businesses.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expense and results include transfers between operating segments. These transfers are eliminated on consolidation.

Geographical segment

The Group operates substantially in Malaysia. Accordingly, no geographical segment information has been provided.

12. SEGMENT INFORMATION (CONT'D)

The following tables provide segment information for the reportable segments:

The Group 2014	Loan financing services RM	Investment holding and management services RM	Factoring, confirming and industrial hire purchase RM	Notes	Total RM
Revenue					
Total revenue	124,014,198	6,026,510	4,706,559		134,747,267
Inter-segment revenue	-	(4,485,940)	-		(4,485,940)
External revenue	124,014,198	1,540,570	4,706,559		130,261,327
Results					
Segment results	17,905,660	(3,668,761)	26,035		14,262,934
Finance costs	(33,521)	-	(5,073)		(38,594)
Profit/(Loss) before tax	17,872,139	(3,668,761)	20,962		14,224,340
Income tax expense	(149,724)	(1,371,759)	(190,324)		(1,711,807)
Profit/(Loss) for the financial year	17,722,415	(5,040,520)	(169,362)		12,512,533
Interest income including investment income	133,691,293	274,306	2,995,761		136,961,360
Interest expense applicable to revenue	38,708,669	338,766	626,949		39,674,384
Depreciation and amortisation	1,111,519	1,291,647	175,970		2,579,136
Other non-cash expenses	63,168,349	132,341	855,479	A	64,156,169
Statements of Financial Position					
Capital additions	2,904,602	1,857,667	6,508	B	4,768,777
Segment assets	1,254,142,283	38,194,685	24,859,865		1,317,196,833
Segment liabilities	612,761,896	9,119,051	10,066,406		631,947,353

12. SEGMENT INFORMATION (CONT'D)

The Group 2013	Loan financing services RM	Investment holding and management services RM	Factoring, confirming and industrial hire purchase RM	Notes	Total RM
Revenue					
Total revenue	160,112,339	55,240,106	5,149,693		220,502,138
Inter-segment revenue	-	(53,849,871)	-		(53,849,871)
External revenue	160,112,339	1,390,235	5,149,693		166,652,267
Results					
Segment results	33,606,490	(3,591,750)	4,233,045		34,247,785
Finance costs	(30,647)	-	(7,035)		(37,682)
Profit/(Loss) before tax	33,575,843	(3,591,750)	4,226,010		34,210,103
Income tax expense	(22,000,951)	(2,382,313)	(107,655)		(24,490,919)
Profit/(Loss) for the financial year	11,574,892	(5,974,063)	4,118,355		9,719,184
Interest income including investment income	171,580,860	397,071	3,585,798		175,563,729
Interest expense applicable to revenue	52,103,780	367,044	954,542		53,425,366
Depreciation and amortisation	1,350,044	1,034,191	144,413		2,528,648
Other non-cash expenses	61,671,487	-	(3,171,309)	A	58,500,178
Statements of Financial Position					
Capital additions	548,287	5,360,277	489,123	B	6,397,687
Segment assets	1,370,777,383	40,830,844	33,912,318		1,445,520,545
Segment liabilities	716,250,371	10,593,687	14,424,524		741,268,582

12. SEGMENT INFORMATION (CONT'D)

Notes **Nature of amounts reported in the consolidated financial statements**

A Other material non-cash expenses consists of the following items as presented in Note 10:

	2014 RM	2013 RM
Allowance for impairment loss on receivables, net	64,023,773	58,500,170
Plant and equipment written off	132,396	8
	64,156,169	58,500,178

B Capital additions consists of:

	2014 RM	2013 RM
Plant and equipment (Note 15)	4,768,777	6,397,687

13. EARNINGS PER ORDINARY SHARE ("EPS")

(a) Basic EPS

	The Group	
	2014 RM	2013 RM
Profit for the financial year attributable to owners of the Company	12,512,533	9,719,184
Less: Preference share dividends on RCPS	(9,388,740)	-
Profit for the financial year attributable to ordinary equity holders of the Company	3,123,793	9,719,184
Weighted average number of ordinary shares in issue:		
Balance net of treasury shares as at beginning of financial year	1,173,582,495	782,395,174
Effects of:		
Shares repurchased	(5,338,381)	(904)
Issuance of bonus shares	-	391,197,321
Balance as at end of financial year	1,168,244,114	1,173,591,591
Basic EPS (sen)	0.27	0.83

The basic EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

13. EARNINGS PER ORDINARY SHARE ("EPS") (CONT'D)

(b) Diluted EPS

	The Group	
	2014 RM	2013 RM
Profit for the financial year attributable to ordinary equity holders of the Company	3,123,793	9,719,184
Weighted average number of ordinary shares in issue	1,168,244,114	1,173,591,591
Effects of dilution of RCPS	-	159,479,966
Adjusted weighted average number of ordinary shares in issue	1,168,244,114	1,333,071,557
Diluted EPS (sen)	0.27	0.73

The diluted EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares adjusted for dilutive effects of RCPS.

The incremental shares from assumed conversions of the RCPS are not included in the calculation of diluted EPS for the current financial year as they are anti-dilutive.

ESOS options are anti-dilutive as the options exercise price exceeds the average market price of the Company ordinary shares during the financial years ended 31 March 2014 and 31 March 2013. Accordingly, the options are assumed not to be exercised in the calculation of diluted EPS.

14. DIVIDENDS

	Dividends recognised in financial year	
	2014 RM	2013 RM
Recognised during the financial year:		
Preference share dividend:		
20% under single-tier system on 469,436,998 RCPS, paid on 4 December 2013	9,388,740	-
Final dividend for 2013:		
15% under single-tier system on 1,169,859,595 ordinary shares, paid on 9 October 2013	17,547,892	-
Final dividend for 2012:		
15% under single-tier system on 782,395,174 ordinary shares, paid on 10 October 2012	-	11,735,925
	26,936,632	11,735,925

14. DIVIDENDS (CONT'D)

The directors recommend the payment of a final single-tier dividend of 15% on 1,157,190,595 ordinary shares amounting to RM17,357,859 in respect of the financial year ended 31 March 2014, which is subject to shareholders' approval at the forthcoming AGM.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2015.

15. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Work-in progress RM	Total RM
Cost							
Balance as at 1 April 2012	1,563,816	5,020,281	111,313	1,378,615	907,146	-	8,981,171
Additions	678,421	2,102,937	-	528,706	712,961	2,374,662	6,397,687
Disposals	(23,777)	(58,138)	-	(317,323)	-	-	(399,238)
Write-off	(15,205)	(9,126)	-	-	-	-	(24,331)
Balance as at 31 March 2013	2,203,255	7,055,954	111,313	1,589,998	1,620,107	2,374,662	14,955,289
Additions	56,410	2,663,795	-	163,706	-	1,884,866	4,768,777
Disposals	-	(27,614)	-	(316,407)	-	-	(344,021)
Write-off	(143,632)	-	(95,470)	-	-	(132,340)	(371,442)
Reclassification	626	946,751	-	-	-	(947,377)	-
Balance as at 31 March 2014	2,116,659	10,638,886	15,843	1,437,297	1,620,107	3,179,811	19,008,603
Accumulated depreciation							
Balance as at 1 April 2012	958,599	3,647,784	110,090	614,758	511,348	-	5,842,579
Charge for the financial year	331,713	779,489	573	265,712	258,093	-	1,635,580
Disposals	(22,632)	(58,120)	-	(317,322)	-	-	(398,074)
Write-off	(15,200)	(9,123)	-	-	-	-	(24,323)
Balance as at 31 March 2013	1,252,480	4,360,030	110,663	563,148	769,441	-	7,055,762
Charge for the financial year	269,121	1,089,270	576	297,062	214,717	-	1,870,746
Disposals	-	(24,003)	-	(170,502)	-	-	(194,505)
Write-off	(143,577)	-	(95,469)	-	-	-	(239,046)
Balance as at 31 March 2014	1,378,024	5,425,297	15,770	689,708	984,158	-	8,492,957

15. PLANT AND EQUIPMENT (CONT'D)

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Work-in progress RM	Total RM
Carrying amount							
Balance as at 31 March 2013	950,775	2,695,924	650	1,026,850	850,666	2,374,662	7,899,527
Balance as at 31 March 2014	738,635	5,213,589	73	747,589	635,949	3,179,811	10,515,646

The Company	Motor vehicles RM	Total RM
Cost		
Balance as at 1 April 2012/2013	95,470	95,470
Write-off	(95,470)	(95,470)
Balance as at 31 March 2014	-	-
Accumulated depreciation		
Balance as at 1 April 2012/2013	95,469	95,469
Write-off	(95,469)	(95,469)
Balance as at 31 March 2014	-	-
Carrying amount		
Balance as at 31 March 2013	1	1
Balance as at 31 March 2014	-	-1

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM4,768,777 (2013: RM6,397,687) as follows:

	The Group 2014 RM	2013 RM
Acquired via:		
Cash payments	4,180,777	5,973,687
Hire-purchase arrangements	130,000	424,000
Payables	458,000	-1
	4,768,777	6,397,687

16. INVESTMENT PROPERTIES

	The Group Leasehold buildings RM
Cost	
Balance as at 31 March 2013/2014	3,027,390
Accumulated depreciation	
Balance as at 1 April 2012	363,298
Charge for the financial year	60,548
Balance as at 31 March 2013	423,846
Charge for the financial year	60,548
Balance as at 31 March 2014	484,394
Carrying amount	
Balance as at 31 March 2013	2,603,544
Balance as at 31 March 2014	2,542,996
Fair value	
Balance as at 31 March 2013	4,020,000
Balance as at 31 March 2014	5,700,000

The fair values of the investment properties are arrived at by reference to the latest valuations carried out by accredited valuers. The valuation was based on Comparison Method which entails critical analyses of comparable properties' recent evidence of values in the neighbourhood and adjustments to differences are made. The fair values are estimated based on the highest and best use of the properties in their current use. There has been no change to the valuation technique during the financial year.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2014				
Investment properties	-	5,700,000	-	5,700,000

16. INVESTMENT PROPERTIES (CONT'D)

The property rental income from the investment properties, which are under operating leases, amounted to RM274,448 (2013: RM264,528). Direct operating expenses arising from the investment properties during the financial year amounted to RM78,144 (2013: RM78,979).

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	31.3.2014	31.3.2013
	RM	RM
Unquoted shares, at cost	327,430,041	327,430,041
RCPS	-	5,000,000
	327,430,041	332,430,041
Less: Allowance for impairment	(214,643)	(214,643)
	327,215,398	332,215,398

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

	Effective Equity Interest		
	31.3.2014 %	31.3.2013 %	Principal Activities
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
RCE Factoring Sdn. Bhd.	100	100	Confirming, factoring and industrial hire purchase, specialising in trade related activities and general trading
RCE Marketing Sdn. Bhd.	100	100	Provision of general loan financing services
RCE Synergy Sdn. Bhd.	100	100	Investment holding
Indirect subsidiary companies			
RCE Equity Sdn. Bhd. [π]	100	100	Property investment, provision of financial administrative services, debt management services and trading of securities
RCE Advance Sdn. Bhd. [π]	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest		Principal Activities
	31.3.2014 %	31.3.2013 %	
Indirect subsidiary companies			
RCE Commerce Sdn. Bhd. π	100	100	Provision of information technology and financial administrative services
RCE Sales Sdn. Bhd. ß	100	100	Provision of financial administrative services
RCE Trading Sdn. Bhd. π	100	100	Provision of financial administrative services
Tresor Assets Berhad π	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS to fund the purchase of such receivables
Mezzanine Enterprise Sdn. Bhd. *	100	100	Property investment, provision of financial administrative services

π Held indirectly through RCE Marketing Sdn. Bhd.
ß Held indirectly through RCE Trading Sdn. Bhd.
* Held indirectly through RCE Equity Sdn. Bhd.

18. GOODWILL ON CONSOLIDATION

	The Group	
	31.3.2014 RM	31.3.2013 RM
Goodwill on consolidation, at cost	28,854,804	28,854,804
Less: Allowance for impairment	(177,829)	(177,829)
Carrying amount	28,676,975	28,676,975

Allocation of goodwill to cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from the business combination, as follows:

(i) Loan financing operations of RCE Marketing Sdn. Bhd. ("RCEM") and its subsidiary companies ("RCEM Group") as a group CGU; and

(ii) Factoring and confirming operations of RCE Factoring Sdn. Bhd. as an individual CGU.

18. GOODWILL ON CONSOLIDATION (CONT'D)

The carrying amount of goodwill allocated to each CGU is as follows:

	The Group	
	31.3.2014	31.3.2013
	RM	RM
Loan financing	28,343,821	28,343,821
Factoring and confirming	333,154	333,154
	28,676,975	28,676,975

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculation include quantum of loan disbursements, which is based on RCEM Group's past performance and management's expectation on the growth in loans demand and the availability of funds by RCEM Group. The discount rate applied to the cash flow projections is 7.33% (31.3.2013: 7.77%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGUs.

19. LOANS AND RECEIVABLES

	The Group	
	31.3.2014	31.3.2013
	RM	RM
Loans and receivables, gross	1,071,638,132	1,094,686,162
Less: Allowance for impairment		
- Individual assessment	(90,568,889)	(58,082,991)
- Collective assessment	(34,918,595)	(81,358,132)
	(125,487,484)	(139,441,123)
Loans and receivables	946,150,648	955,245,039
Deferred income, net	(21,164,459)	(24,259,599)
Loans and receivables, net	924,986,189	930,985,440
Amount receivable within one year	(138,829,988)	(119,621,134)
Non-current portion	786,156,201	811,364,306

19. LOANS AND RECEIVABLES (CONT'D)

The non-current portion of the loans and receivables is as follows:

	The Group	
	31.3.2014	**31.3.2013**
	RM	**RM**
Amount receivables:		
Within one to two years	66,777,576	80,198,848
Within two to five years	180,883,397	179,698,956
After five years	538,495,228	551,466,502
	786,156,201	811,364,306

Loans and receivables which arose from the provision of loan financing to the members of cooperatives and corporations are governed under Facility Agreements, Assignment Agreements and the Power of Attorney (collectively referred to as "Security Agreements") between the cooperatives or corporations and the Group.

The loans and receivables are collectible over a maximum period of twenty two (22) (31.3.2013: twenty two (22)) years. The information on the financial risk of loans and receivables are disclosed in Note 34.

Included in loans and receivables of the Group are:

(a) RM103,851,822 (31.3.2013: RM117,444,581) pledged to financial institutions as securities for borrowings as disclosed in Notes 31(c) and 31(d) respectively; and

(b) RM204,467,141 (31.3.2013: RM215,780,467) held in trust for financial institutions for borrowings as disclosed in Note 31(c).

The profile of the loans and receivables is as follows:

	The Group	
	31.3.2014	**31.3.2013**
	RM	**RM**
Performing	616,511,603	498,801,293
1 to 150 days past due but performing	343,393,181	423,511,253
Non-performing	90,568,889	148,114,017
	1,050,473,673	1,070,426,563

Loans and receivables that are performing

Loans and receivables that are performing are neither past due nor impaired, are newly disbursed and/or having months-in-arrear less than a month.

None of these have been renegotiated during the financial year.

Loans and receivables that are past due but performing

All loans and receivables that are past due but performing are loans that are under the salary deduction scheme and subject to administrative/technical delay due to logistic considerations.

19. LOANS AND RECEIVABLES (CONT'D)

Loans and receivables that are non-performing

The Group's loans and receivables that are non-performing at the reporting date are as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Loans and receivables, non-performing	90,568,889	148,114,017
Less: Allowance for impairment		
- Individual assessment	(90,568,889)	(58,082,991)
- Collective assessment	-	(53,577,756)
	(90,568,889)	(111,660,747)
	-	36,453,270

The allowance for impairment consist of:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Performing loans	34,918,595	27,780,376
Non-performing loans	90,568,889	111,660,747
	125,487,484	139,441,123

Movement in allowance for impairment:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Individual assessment:		
Balance as at 1 April	58,082,991	-
Charge for the financial year	59,090,582	55,084,124
Reversal/Written back	(6,409,505)	(255,219)
Reclassified from collective assessment	56,926,765	49,825,769
Written off	(77,121,944)	(46,571,683)
Balance as at 31 March	90,568,889	58,082,991
Collective assessment:		
Balance as at 1 April	81,358,132	124,341,319
Charge for the financial year	10,487,228	6,842,582
Reclassified to individual assessment	(56,926,765)	(49,825,769)
Balance as at 31 March	34,918,595	81,358,132

20. TRADE RECEIVABLES

	The Group	
	31.3.2014 RM	31.3.2013 RM
Confirming receivables	14,909,969	20,114,733
Factoring receivables	8,897,459	11,843,099
Industrial hire purchase receivables	-	673,205
Rental receivable	200	-
	23,807,628	32,631,037
Less: Allowance for impairment	(2,667,158)	(4,510,251)
Trade receivables, net	21,140,470	28,120,786
Amount receivable within one year	(19,575,519)	(24,914,702)
Non-current portion	1,564,951	3,206,084

The non-current portion of the trade receivables is as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Amount receivables:		
Within one to two years	1,564,951	3,206,084

The credit period granted by the Group ranges from 60 to 150 (31.3.2013: 60 to 150) days while other credit terms are determined on a case by case basis. The effective interest rate is at 11.57% (31.3.2013: 11.80%) per annum.

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from four (4) (31.3.2013: six (6)) major customers amounting to 53.20% (31.3.2013: 44.34%) of the total trade receivables. The extension of credits to and the repayments from these customers are closely monitored by the management to ensure that these customers adhere to the agreed credit terms and policies.

The ageing of the trade receivables is as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Performing	16,399,488	18,961,941
Past due but performing:		
Less than 90 days	1,120,253	2,031,024
More than 90 days	3,620,729	7,127,821
Total past due but performing	4,740,982	9,158,845
Non-performing	2,667,158	4,510,251
	23,807,628	32,631,037

20. TRADE RECEIVABLES (CONT'D)

Trade receivables that are performing

Trade receivables that are performing are neither past due nor impaired, are creditworthy debtors with good payment records with the Group and there are no indications as of the reporting date that the debtors will not meet their payment obligations.

None of these have been renegotiated during the financial year.

Trade receivables that are past due but performing

Trade receivables that are less than 90 days past due at the reporting date are performing as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Trade receivables that are more than 90 days past due but performing are those with repayment plan and/or collateral with the Group. Their repayments are closely monitored by the management to ensure that they adhere to the agreed repayment schedule.

Overdue accounts are regularly reviewed and impairment provisions are created where necessary. All trade receivables that are more than 90 days past due are fully provided net of collaterals, except those approved by management and with due regard to the historical risk profile of the customer.

Trade receivables that are non-performing

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables may or may not be secured by any collateral or credit enhancements.

The Group's trade receivables that are non-performing at the reporting date are as follows:

	Individually impaired	
	31.3.2014 RM	**31.3.2013 RM**
Trade receivables, non-performing	2,667,158	4,510,251
Less: Allowance for impairment	(2,667,158)	(4,510,251)
	-	-

Movement in allowance for impairment:

	The Group	
	31.3.2014 RM	**31.3.2013 RM**
Balance as at 1 April	4,510,251	9,163,347
Charge for the financial year	1,222,223	1,121,798
Written back	(366,755)	(4,293,115)
Written off	(2,698,561)	(1,481,779)
Balance as at 31 March	2,667,158	4,510,251

21. OTHER INVESTMENTS

	The Group and The Company	
	31.3.2014 RM	31.3.2013 RM
Investments, at cost:		
Association memberships	2	2

22. AFS FINANCIAL ASSETS

	The Group	
	31.3.2014 RM	31.3.2013 RM
Unquoted corporate bonds, at cost	8,000,000	8,000,000
Less: Accumulated impairment losses	(8,000,000)	(8,000,000)
	-	-

The unquoted corporate bonds are unsecured and have no fixed coupon rate. Coupon rates will be determined semi-annually depending on the performance of the bonds.

There was no coupon payment received in respect of the unquoted corporate bonds for the financial years ended 31 March 2014 and 31 March 2013 respectively.

23. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance as at 1 April	(20,077,799)	(20,627,365)	604	2,350
Recognised in profit or loss (Note 11)	11,399,424	549,566	(604)	(1,746)
Balance as at 31 March	(8,678,375)	(20,077,799)	-	604

Presented after appropriate offsetting as follows:

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Deferred tax assets	21,898,310	16,478,911	-	604
Deferred tax liabilities	(30,576,685)	(36,556,710)	-	-1
	(8,678,375)	(20,077,799)	-	604

23. DEFERRED TAX (CONT'D)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loans and receivables RM	Interest expense applicable to revenue RM	Unused tax losses and unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 April 2012	19,057,451	-	1,732,376	2,350	20,792,177
Recognised in profit or loss	(12,049,948)	-	7,738,428	(1,746)	(4,313,266)
Balance as at 31 March 2013	7,007,503	-	9,470,804	604	16,478,911
Balance as at 1 April 2013	7,007,503	-	9,470,804	604	16,478,911
Recognised in profit or loss	10,861,229	2,358,304	(7,817,710)	17,576	5,419,399
Balance as at 31 March 2014	17,868,732	2,358,304	1,653,094	18,180	21,898,310

Deferred tax assets of the Company:

	Other temporary differences RM	Total RM
Balance as at 1 April 2012	2,350	2,350
Recognised in profit or loss	(1,746)	(1,746)
Balance as at 31 March 2013	604	604
Balance as at 1 April 2013	604	604
Recognised in profit or loss	(604)	(604)
Balance as at 31 March 2014	-	-

23. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Plant and equipment RM	Loans and receivables RM	Other temporary differences RM	Total RM
Balance as at 1 April 2012	(370,058)	(4,062,007)	(36,987,477)	(41,419,542)
Recognised in profit or loss	(342,659)	(3,827,375)	9,032,866	4,862,832
Balance as at 31 March 2013	(712,717)	(7,889,382)	(27,954,611)	(36,556,710)
Balance as at 1 April 2013	(712,717)	(7,889,382)	(27,954,611)	(36,556,710)
Recognised in profit or loss	(596,215)	7,889,382	(1,313,142)	5,980,025
Balance as at 31 March 2014	(1,308,932)	-	(29,267,753)	(30,576,685)

Deferred tax liabilities recognised on other temporary differences are mainly arising from interest receivable on AFS financial assets held by a subsidiary company.

(c) The amount of unused tax losses and unabsorbed capital allowances for which no deferred tax assets are recognised in the statements of financial position due to uncertainty of their recoverability, are as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Unused tax losses	41,734,444	64,391,328
Unabsorbed capital allowances	4,277,366	4,452,261
	46,011,810	68,843,589

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Other receivables	11,309,321	6,898,383	58	54,138
Less: Allowance for impairment	-	(54,071)	-	(54,071)
	11,309,321	6,844,312	58	67
Tax recoverable	4,038,755	3,650,013	-	-
Prepaid expenses	584,831	493,769	59,749	49,981
Refundable deposits	422,299	465,389	-	-
	16,355,206	11,453,483	59,807	50,048

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Movement for allowance for impairment:

	The Group		The Company	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM	RM	RM	RM
Balance as at 1 April	54,071	54,071	54,071	54,071
Written off	(54,071)	-	(54,071)	-
Balance as at 31 March	-	54,071	-	54,071

Included in other receivables of the Group are collections in transit from various cooperatives and corporations of RM8,888,611 (31.3.2013: RM6,438,224).

Included in refundable deposits of the Group are RM199,940 (31.3.2013: RM190,964) paid in relation to the rental of office premises to related parties.

25. RELATED PARTY TRANSACTIONS

The outstanding balances arising from related party transactions as at the reporting date are as below:

	The Company	
	31.3.2014	31.3.2013
	RM	RM
Amounts due from subsidiary companies	179,935,691	202,415,687

The amounts due from subsidiary companies are unsecured, bear interest rate at 2.25% (31.3.2013: 3.00%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiary companies.

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

Other than as disclosed elsewhere in the financial statements, the related parties and their relationships with the Company are as follows:

Name of related parties	Relationship
Amcorp Auto Sdn. Bhd. ("AASB") Corporateview Sdn. Bhd. ("CVSB") Harpers Travel (Malaysia) Sdn. Bhd. ("HTSB") MCM Technologies Berhad ("MCMT")	Subsidiary companies of Amcorp Group Berhad, a substantial shareholder of the Company
Triple Esteem Sdn. Bhd. ("TESB")	A company in which a controlling shareholder is connected to a director of the Company
AmLife Insurance Berhad ("ALIB") AmInvestment Bank Berhad ("AIBB")	Companies in which a director of the Company has directorship and substantial interest
AmInvestment Services Berhad ("AISB")	A company in which a director of the Company has substantial interest
AON Insurance Brokers (M) Sdn Bhd ("AIBM")	A company in which certain directors of the Company have directorship

During the financial year, significant related party transactions, which are determined on a basis negotiated between the said parties, are as follows:

	The Company	
	2014 RM	2013 RM
Direct subsidiary companies:		
Administrative fees receivable from:		
RCE Marketing Sdn. Bhd.	1,449,173	5,009,829
Interest income on amount due from:		
RCE Marketing Sdn. Bhd.	4,043,367	2,527,114
Dividend receivable from:		
RCE Synergy Sdn. Bhd.	600,000	13,500,000
RCE Factoring Sdn. Bhd.	256,667	350,000

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other related parties:				
Rental payable to:				
ALIB	665,784	658,724	-	-
TESB	16,666	99,996	-	-
Management fee payable to CVSB	600,000	-	600,000	-
Staff costs payable to CVSB	518,000	557,200	-	-
Administrative fee payable to AISB	415,878	539,619	88	37,883
Insurance premium payable to AIBM	365,145	295,135	13,184	10,393
Internal audit fees payable to CVSB	268,000	188,000	140,000	8,000
Arranger fee payable to AIBB	67,863	174,784	-	-
Marketing expenses incurred arising from:				
Purchase of travel package from HTSB	67,800	91,720	-	-
Staff costs incurred arising from:				
Purchase of travel package from HTSB	-	504,821	-	-
Motor vehicle purchase from AASB	-	142,873	-	-
Plant and equipment cost arising from:				
System support service fees payable to MCMT	-	120,000	-	-

(c) Compensation of key management personnel

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term employees' benefits	3,312,253	3,987,183	306,000	252,000
Defined contribution plan	438,246	584,668	-	-
	3,750,499	4,571,851	306,000	252,000

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Deposits with licensed financial institutions	288,309,742	414,280,493	-	18,014
Cash and bank balances	2,771,297	5,021,384	336	1,571
	291,081,039	419,301,877	336	19,585
Less: Deposits and cash and bank balances				
- Assigned in favour of the trustees	(264,259,807)	(275,627,671)	-	-
- Pledged to licensed financial institutions	(9,073,355)	(18,901,004)	-	-
	(273,333,162)	(294,528,675)	-	-
	17,747,877	124,773,202	336	19,585

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 14 (31.3.2013: 19) days. The information on weighted average effective interest rate is disclosed in Note 34.

27. SHARE CAPITAL

	The Group and The Company			
	2014	2013	2014	2013
	No of share of RM0.10 each		RM	RM
Authorised:				
Ordinary shares				
Balance as at 1 April	3,000,000,000	2,000,000,000	300,000,000	200,000,000
Created during the financial year	-	1,000,000,000	-	100,000,000
Balance as at 31 March	3,000,000,000	3,000,000,000	300,000,000	300,000,000
RCPS				
Balance as at 1 April	1,000,000,000	-	100,000,000	-
Created during the financial year	-	1,000,000,000	-	100,000,000
Balance as at 31 March	1,000,000,000	1,000,000,000	100,000,000	100,000,000
	4,000,000,000	4,000,000,000	400,000,000	400,000,000
Issued and fully paid:				
Ordinary shares				
Balance as at 1 April	1,173,592,495	782,395,174	117,359,249	78,239,517
Issued during the financial year:				
Bonus issue	-	391,197,321	-	39,119,732
Balance as at 31 March	1,173,592,495	1,173,592,495	117,359,249	117,359,249
RCPS				
Balance as at 1 April	469,436,998	-	46,943,700	-
Issued during the financial year	-	469,436,998	-	46,943,700
Balance as at 31 March	469,436,998	469,436,998	46,943,700	46,943,700
	1,643,029,493	1,643,029,493	164,302,949	164,302,949

In the previous financial year, the Company:

(a) increased its authorised share capital from RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each to RM400,000,000 comprising 3,000,000,000 ordinary shares and 1,000,000,000 RCPS of RM0.10 each by the creation of 1,000,000,000 ordinary shares and 1,000,000,000 RCPS of RM0.10 each;

(b) increased its issued and fully paid-up ordinary share capital from RM78,239,517 to RM117,359,249 by the issuance of 391,197,321 new ordinary shares of RM0.10 each arising from the bonus share issue on the basis of one (1) bonus share for every two (2) existing ordinary shares held; and

(c) issued 469,436,998 RCPS of RM0.10 each at an issue price of RM0.38 each for repayment of borrowings and working capital purposes.

27. SHARE CAPITAL (CONT'D)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

The salient terms of the RCPS are as follows:

(a) Dividend — The RCPS shall carry the right to a non-cumulative preferential dividend rate of 20% per annum, payable annually in arrears, subject to availability of distributable profits.

(b) Maturity — The maturity date is 27 November 2019, which is the day immediately preceding the 7th anniversary of the date of issuance of RCPS. The RCPS were issued on 28 November 2012.

(c) Redemption — All outstanding RCPS, unless previously purchased, cancelled or converted, shall be redeemable at the option of the Company from 28 November 2014 to 27 November 2019.

Any RCPS not redeemed at the maturity date shall be automatically converted into new ordinary shares.

(d) Conversion — The RCPS shall be convertible into new ordinary shares at the option of the holder from 28 November 2014 to 27 November 2019. One RCPS shall be converted into one new ordinary share.

(e) Ranking — The RCPS shall rank in priority to the ordinary shares but pari passu among themselves and any such class ranking pari passu with the RCPS in respect of the right to receive dividends out of distributable profits.

The new ordinary shares issued upon conversion of RCPS shall rank pari passu with all existing ordinary shares except that they shall not be entitled to any dividend, declared or to be declared in respect of any particular financial year ending before the relevant date on which the Company receives the conversion notice irrespective of the date when such dividend is declared, made or paid, nor any rights, allotments and/or other distributions of which the entitlement date is prior to the date of allotment of the said new ordinary shares.

(f) Voting right — The RCPS do not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:

(i) when the dividend or part of the dividend payable on the RCPS is in arrears for more than six months;
(ii) on a proposal to reduce the Company's share capital;
(iii) on a proposal for disposal of the whole Company's property, business and undertaking;
(iv) on a proposal that affects the rights and privileges attaching to the RCPS;
(v) on a proposal to wind up the Company; and
(vi) during winding-up of the Company.

28. TREASURY SHARES

The shareholders of the Company, by a resolution passed at an annual general meeting held on 20 September 2013, had granted an approval to the Company to buy back its own shares of up to 10% of the issued and paid-up share capital of the Company.

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as summarised below:

	Number of shares	Total consideration RM	Purchase price per share Highest RM	Lowest RM	Average RM
Balance as at 1 April 2013	10,000	2,394	0.235	0.235	0.235
Shares repurchased during the financial year:					
- June 2013	351,400	94,765	0.275	0.265	0.268
- July 2013	1,018,000	283,621	0.285	0.270	0.277
- August 2013	1,290,100	353,027	0.285	0.256	0.274
- September 2013	1,313,400	356,634	0.280	0.260	0.270
- October 2013	762,600	205,546	0.275	0.260	0.266
- November 2013	2,197,200	603,588	0.277	0.270	0.272
- December 2013	1,294,000	348,186	0.270	0.265	0.268
- January 2014	5,085,600	1,463,397	0.290	0.265	0.278
- February 2014	1,349,100	382,171	0.285	0.275	0.282
- March 2014	1,730,500	487,449	0.285	0.276	0.280
	16,391,900	4,578,384	0.290	0.256	0.274
Balance as at 31 March 2014	16,401,900	4,580,778	0.290	0.235	0.270

The total consideration paid including transaction costs of RM4,580,778 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell and/or distribute the treasury shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased have been sold or cancelled during the financial year.

As at the reporting date, the number of ordinary shares in issue after the share buy-back is 1,157,190,595 shares of RM0.10 each.

29. RESERVES

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Non-distributable:				
Share premium	149,569,380	149,569,380	149,569,380	149,569,380
Share options	4,784,701	5,221,614	4,784,701	5,221,614
	154,354,081	154,790,994	154,354,081	154,790,994
Distributable:				
Retained earnings	371,173,228	385,160,414	192,603,997	215,257,015
	525,527,309	539,951,408	346,958,078	370,048,009

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company	
	2014 RM	2013 RM
Balance as at 1 April	149,569,380	58,584,019
Issuance of RCPS	-	131,442,359
Issuance of bonus shares	-	(39,119,732)
Share issuance expenses	-	(1,337,266)
Balance as at 31 March	149,569,380	149,569,380

(ii) Share options:

The share options reserve represents the equity settled share options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of share options. Details of share options granted to eligible directors and employees are disclosed in Note 36.

(b) Distributable:

Retained earnings:

Distributable reserves are those available for distribution as dividends.

On 15 September 2010, the Company has elected to switch over to single tier dividend. Therefore, the dividend paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders ("single-tier system").

The Company has tax exempt income account as at 31 March 2014 amounting to approximately RM3,439,000 (31.3.2013: RM3,439,000) available for distribution as tax exempt dividends to shareholders subject to the availability of retained earnings.

29. RESERVES (CONT'D)

(c) Supplementary information – Disclosure on realised and unrealised profits

Pursuant to Bursa Malaysia Securities Berhad's directive dated 20 December 2010, further information on the retained earnings in relation to realised and unrealised profits of the Group and the Company is as follows:

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Total retained earnings				
- Realised	379,851,603	405,238,213	192,603,997	215,256,411
- Unrealised	(8,678,375)	(20,077,799)	-	604
	371,173,228	385,160,414	192,603,997	215,257,015

30. HIRE-PURCHASE PAYABLES

	The Group	
	31.3.2014 RM	31.3.2013 RM
Total outstanding	686,220	979,498
Less: Future finance charges	(49,020)	(83,846)
Principal outstanding	637,200	895,652
Less: Amounts due within one year	(232,682)	(243,278)
Non-current portion	404,518	652,374

The non-current portion of the hire-purchase payables is as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
Financial years ending 31 March:		
2015	-	256,014
2016	184,345	208,746
2017	116,311	123,519
2018	91,942	64,095
2019	11,920	-
	404,518	652,374

The interest rates implicit in these hire-purchase arrangements of the Group range from 4.37% to 6.18% (31.3.2013: 4.30% to 6.18%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

31. BORROWINGS

	Note	The Group 31.3.2014 RM	The Group 31.3.2013 RM
At amortised cost			
Secured			
Current			
Fixed rate MTNs	(a)	41,862,664	38,038,218
ABS	(b)	42,255,340	42,797,147
Term loans	(c)	13,018,637	21,950,306
Revolving credits	(d)	110,196,786	48,691,721
Bank overdrafts	(e)	5,327,084	5,212,866
		212,660,511	156,690,258
Non-Current			
Fixed rate MTNs	(a)	64,259,488	103,564,775
ABS	(b)	95,000,000	135,000,000
Term loans	(c)	201,367,681	264,574,102
		360,627,169	503,138,877
		573,287,680	659,829,135
Unsecured			
Current			
Trust receipts	(f)	342,028	1,218,651
Bankers' acceptances	(f)	8,704,414	11,465,833
Revolving credits	(d)	-	7,989,147
		9,046,442	20,673,631
		582,334,122	680,502,766
Disclosed in the financial statements as:			
Current		221,706,953	177,363,889
Non-current		360,627,169	503,138,877
		582,334,122	680,502,766

31. BORROWINGS (CONT'D)

The maturity profile of the borrowings is as follows:

	The Group	
	31.3.2014 RM	31.3.2013 RM
On demand or within one year	221,706,953	177,363,889
More than 1 year and less than 2 years	72,760,780	103,156,297
More than 2 years and less than 5 years	287,866,389	374,427,024
More than 5 years	-	25,555,556
	582,334,122	680,502,766

(a) Fixed rate MTNs

During the financial year ended 31 March 2007, a subsidiary company, RCE Advance Sdn. Bhd. ("RCEA"), fully issued its RM420 million 5-year fixed rate MTNs for the purpose of financing the working capital of the Group. As at the reporting date, RM60 million (31.3.2013: RM60 million) out of the total RM420 million MTNs were subscribed by a subsidiary company, RCE Equity Sdn. Bhd. ("RCEE").

The MTNs were constituted by a trust deed dated 23 November 2005 made between RCEA and the Trustee for the holders of the MTNs.

The main features of the MTNs are as follows:

(i) The maximum issue size of the RM420 million MTNs comprises:

- RM240 million Class A MTNs;
- RM120 million Class B MTNs; and
- RM60 million Class C MTNs.

(ii) The MTNs were issued up to a maximum of six (6) tranches of RM70 million each ("Tranche") with each respective Tranche comprising the following:

Tranches	Class A MTNs issue size RM'000	Class B MTNs issue size RM'000	Class C MTNs issue size RM'000	Total issue size RM'000
A	40,000	20,000	10,000	70,000
B	40,000	20,000	10,000	70,000
C	40,000	20,000	10,000	70,000
D	40,000	20,000	10,000	70,000
E	40,000	20,000	10,000	70,000
F	40,000	20,000	10,000	70,000
Total	240,000	120,000	60,000	420,000

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(iii) Each Tranche of MTNs is sub-divided into twelve (12) series ("Series") which are categorised into Class A MTNs, Class B MTNs and Class C MTNs, based on the different collateralisation ratios. The class and tenure of each Series per Tranche are set out as below:

Series	Tenure Years	Class A MTNs RM'000	Class B MTNs RM'000	Class C MTNs RM'000
1	Three (3)	10,000	-	-
2	Four (4)	5,000	-	-
3	Five (5)	5,000	-	-
4	Six (6)	5,000	-	-
5	Six (6)	-	5,000	-
6	Seven (7)	-	5,000	-
7	Eight (8)	5,000	-	-
8	Eight (8)	-	5,000	-
9	Nine (9)	5,000	-	-
10	Ten (10)	5,000	-	-
11	Ten (10)	-	5,000	-
12	Ten (10)	-	-	10,000
		40,000	20,000	10,000

(iv) All MTNs under Tranche A and Tranche B were issued at par;

(v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches were issued at par, premium or a discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of each Tranche while Class C MTNs issued under all subsequent Tranches were issued at par;

(vi) Each series of the MTNs under Class A MTNs and Class B MTNs bear a fixed coupon rates ranging from 7.85% to 9.00% (31.3.2013: 7.85% to 9.00%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

(vii) The Class C MTNs bear an initial fixed coupon rate at 15.00% per annum, but may be reset on the third and/or sixth anniversary from the issuance of the Class C MTNs at a new coupon rate to be determined between the Noteholders of the Class C MTNs and RCEA at the time the coupon rate is to be reset. The coupon payment under the Class C MTNs may be calculated annually but payment is deferred until all Class A MTNs and Class B MTNs have been fully redeemed. The entire deferred Class C MTNs coupon payment will be paid in one lump sum.

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

The MTNs are secured against the following:

(i) A third party first legal charge by RCE Marketing Sdn. Bhd. ("RCEM"), the immediate holding company of RCEA, over the entire issued and paid-up share capital of RCEA;

(ii) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of RCEA;

(iii) An assignment of the rights, titles, benefits and interests under the eligible receivables purchased by RCEA;

(iv) An assignment over the present and future rights, titles, benefits and interests in certain bank accounts of RCEA;

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(b) ABS

Tresor Assets Berhad ("TAB") was incorporated on 31 May 2007 as a special purpose vehicle for the sole purpose of undertaking the ABS exercise amounting up to RM1.5 billion which involves the purchase from RCEM from time to time of the loans and receivables meeting certain pre-determined eligibility criteria. The purchase of the loans and receivables were funded by the proceeds from the issuance of ABS by TAB.

In relation to the ABS programme, Revolving credit 1 and 2 respectively were granted by a financial institution to finance the origination and/or acquisition of the loans and receivables to reach an economically meaningful amount of approximately RM100 million before they are sold at any time and from time to time throughout the facility availability period of 5.5 years to TAB.

During the financial year ended 31 March 2011, TAB further issued the seventh, eighth and ninth tranche of ABS amounting to RM100 million each for the seventh and eighth tranche and RM83.8 million for the ninth tranche.

Tranches D to E were fully redeemed in the previous financial year.

The ABS is constituted by a trust deed dated 15 November 2007 made between TAB and the Trustee of the holders of the ABS.

The main features of the ABS are as follows:

(i) The maximum issue size of the RM1.5 billion ABS consists of a multiple series of Senior and Subordinated Bonds;

(ii) The nine ABS tranches of RM100 million each (except for Tranche E of RM96.9 million and Tranche I of RM83.8 million) were issued at par and have a maturity tenor ranging from one (1) to ten (10) years within each tranche;

31. BORROWINGS (CONT'D)

(b) ABS (Cont'd)

(iii) Each series of Senior Bonds bears fixed coupon rates ranging from 6.00% to 8.40% (31.3.2013: 5.60% to 8.40%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

(iv) The Subordinated Bonds issued under Tranches A to I bear variable coupon rates and the coupon payment on the Subordinated Bonds shall be accrued on a semi-annual basis and payable in full or in part upon the full redemption of all Senior Bonds in Tranches A to I.

The ABS are secured against the following:

(i) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of TAB;

(ii) An assignment of First and Second Master Sale and Purchase Agreements;

(iii) An assignment of Servicing Agreement;

(iv) An assignment of Transaction Administration Agreement;

(v) An assignment of Administration Agreement; and

(vi) An assignment of Rights to Members' Agreement.

(c) Term loan 1 (Secured)

During the financial year ended 31 March 2009, a term loan of RM9 million was granted to RCE Synergy Sdn. Bhd. ("RCES") to refinance its remaining balance of RM9.5 million from a term loan facility of RM32 million obtained on 30 August 2005. The term loan facility is secured by an irrevocable corporate guarantee by the Company and deposits pledged with the licensed financial institution. The said term loan bears interest rate at 4.00% (31.3.2013: 4.00%) per annum for a tenure of seven (7) years from the date of the first disbursement of term loan.

Term loan 2 (Secured)

During the financial year ended 31 March 2010, a term loan facility of RM100 million was granted to RCEM for the purpose of financing the working capital of RCEM.

Term loan 2 was secured against the following:

(i) An assignment of rights, titles, benefits, and interests of receivables under the agreement entered into between RCEM with a Cooperative;

(ii) An assignment of the loans and receivables;

31. BORROWINGS (CONT'D)

(c) Term loan 2 (Secured) (Cont'd)

(iii) An irrevocable undertaking by RCEM;

(iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and

(v) An irrevocable corporate guarantee by the Company.

During the financial year, the said term loan has been fully repaid. It bore interest rate at 7.60% (31.3.2013: 7.60%) per annum for a tenure of nine (9) years from the date of the disbursement of term loan.

Term loan 3 (Secured)

During the financial year ended 31 March 2012, a syndicated bridging loan facility ("SBLF") of RM150 million was granted to RCEM for the purposes of loan financing for a tenure of nine (9) months from the date of the execution of the SBLF agreement.

The SBLF was fully repaid in the previous financial year. It bore interest at rates ranging from 4.80% to 5.35% per annum.

Term loan 3 was secured against the following:

(i) A third party first legal charge over the Subordinated Bonds of ABS and MTNs held by a subsidiary company;

(ii) A first legal charge over the entire issued and paid-up share capital of a subsidiary company;

(iii) An irrevocable Power of Attorney was granted in favour of the security agent to dispose the secured assets upon occurrence of a trigger event; and

(iv) An irrevocable corporate guarantee by the Company.

Term loan 4 (Secured)

In the previous financial year, RCEM was granted a back-to-back loan sale arrangement facility of up to RM100 million by a licensed financial institution for working capital purposes. RCEM was further granted RM200 million by another licensed financial institution, of which RM50 million (2013: RM100 million) is ear-marked for Revolving credit 6 as disclosed in Note 31(d), for working capital purposes.

The said term loans are secured against the rights, titles, benefits, and interests of the eligible loans and receivables and the amounts collected or received in respect thereof.

These term loans bear interest rate at 5.45% (31.3.2013: 5.45%) per annum for a tenure of five (5) years from the date of the first disbursement of the applicable tranche of the term loans.

31. BORROWINGS (CONT'D)

(d) Revolving credit 1 and 2 (Secured)

The revolving credit facilities amounting to RM150 million granted to RCEM in conjunction with the ABS exercise in financial year ended 31 March 2008 as mentioned in Note 31(b) have been fully repaid and cancelled during the financial year.

Revolving credit 3 (Secured)

During the financial year ended 31 March 2009, RCEM obtained a revolving credit facility of RM30 million from another financial institution for the purpose of financing the working capital of RCEM. This revolving credit facility was increased by RM20 million to a total limit of RM50 million during the financial year ended 31 March 2011.

Revolving credit 4 (Secured)

During the financial year ended 31 March 2012, a revolving credit facility of RM20 million was granted to RCEM for the purpose of financing the working capital of RCEM. The facility limit was then increased from RM20 million to RM30 million in the previous financial year of which RM10 million was converted from overdraft facility granted in financial year ended 31 March 2011.

Revolving credit 5 (Secured)

During the financial year, a revolving credit facility of RM100 million has been granted to RCEM for the purpose of financing the working capital of RCEM.

All of the facilities are secured against the following:

(i) An assignment of rights, titles, benefits, and interests of receivables under the agreement entered into between RCEM with cooperatives and corporations;

(ii) An assignment of the loans and receivables;

(iii) An irrevocable undertaking by RCEM;

(iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and

(v) An irrevocable corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 4.49% to 4.85% (31.3.2013: 4.63% to 5.46%) per annum.

Revolving credit 6 (Secured)

In the previous financial year, a revolving credit facility of RM100 million, which is ear-marked from Term loan 4 as disclosed in Note 31(c) was granted to RCEM for the purpose of working capital. During the financial year, the facility limit ear-marked from Term loan 4 has been revised to RM50 million.

31. BORROWINGS (CONT'D)

(d) Revolving credit 6 (Secured) (Cont'd)

Revolving credit 6 is secured against the following:

(i) A charge over a designated account and all monies standing to the credit of the account; and

(ii) A charge over the rights, titles, benefits, and interests of the applicable personal financing portfolio and the amounts collected or received in respect thereof.

The said revolving credit bears interest rate at 4.59% (31.3.2013: 4.63%) per annum.

Revolving credit 7 (Unsecured)

All revolving credit facilities of RCE Factoring Sdn. Bhd. ("RCEF") amounting to RM12.5 million (31.3.2013: RM12.5 million) are secured by a corporate guarantee by the Company. The revolving credits bore interest at rates ranging from 4.61% to 5.14% per annum in the previous financial year.

Revolving credit 8 (Unsecured)

During the financial year ended 31 March 2011, a revolving credit facility of RM40 million was granted to RCEM with a maturity period of three (3) years for the purpose of financing the working capital of RCEM. The said revolving credit is secured by a corporate guarantee by the Company.

This revolving credit has been fully repaid during the financial year. It bore interest rate at 5.55% (31.3.2013: 5.65%) per annum.

(e) Bank overdraft 1 (Unsecured)

The bank overdraft facilities of RCEF amounting to RM2.2 million (31.3.2013: RM2.2 million) is secured by an irrevocable corporate guarantee by the Company.

Bank overdraft 2 (Secured)

The bank overdraft facility of RCE Commerce Sdn. Bhd. ("RCEC") of RM1 million is secured by the following:

(i) A negative pledge not to encumber or dispose of RCEC's assets; and

(ii) An irrevocable corporate guarantee by the Company.

Bank overdraft 3 (Secured)

The bank overdraft facility of RCES amounting to RM5.5 million is guaranteed by the Company and secured by deposits pledged with the licensed financial institution.

Bank overdraft 4 (Unsecured)

During the financial year ended 31 March 2011, a bank overdraft facility amounting to RM10 million was granted to RCEM for working capital purposes. This facility was secured by a corporate guarantee by the Company. The facility has been converted into Revolving credit 4 in the previous financial year as disclosed in Note 31(d).

The bank overdraft facilities bear interest rate at 4.00% (31.3.2013: 4.00% to 8.10%) per annum.

31. BORROWINGS (CONT'D)

(f) Others (Unsecured)

All bankers' acceptances, trust receipts and bills payable amounting to RM25 million (31.3.2013: RM30 million) are secured by an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 4.65% to 7.60% (31.3.2013: 4.52% to 8.10%) per annum.

32. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Payables	11,094,341	20,469,509	-	-
Accrued expenses	2,275,783	1,055,450	332,455	254,854
Deposits	694,182	669,118	-	-
Dividend payable	774	774	774	774
	14,065,080	22,194,851	333,229	255,628

Included in payables of the Group are:

(i) advance payments from customers amounting to RM7,024,449 (31.3.2013: RM14,445,274); and

(ii) collections received of RM206,739 (31.3.2013: RM76,740) on behalf of various cooperatives by a subsidiary in its capacity as the collection and payment agent.

33. COMMITMENTS

(a) Capital commitments

	The Group	
	31.3.2014 RM	31.3.2013 RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	2,101,430	2,932,055

33. COMMITMENTS (CONT'D)

(b) Operating lease commitments – as lessor

Future minimum rental receivable under non-cancellable operating leases at the reporting date are as follows:

	The Group	
	31.3.2014	**31.3.2013**
	RM	**RM**
Within one year	443,700	577,600
More than 1 year and less than 5 years	198,200	476,300
	641,900	1,053,900

(c) Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases at the reporting date are as follows:

	The Group	
	31.3.2014	**31.3.2013**
	RM	**RM**
Within one year	64,930	73,506
More than 1 year and less than 5 years	73,610	66,650
	138,540	140,156

34. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management objectives and policies are monitored by a Risk Management Committee which reports to the Audit Committee.

The operations of the Group are subject to a variety of financial risks, including interest rate (both fair value and cash flow), credit and liquidity risks. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk mainly from differences in timing between the maturities or re-pricing of its interest-bearing assets and liabilities.

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. These mismatches are managed as part of the overall interest rate risk management process of the Group.

The Group manages its interest rate risk exposure from interest bearing borrowings by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into consideration the repayment and maturity profiles of its borrowings and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(b) Credit risk

Credit risk is the risk of default that may arise on its outstanding contractual obligations resulting in financial loss to the Group. The Group adopts a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk.

(i) Loan financing services:

The Group manages this risk by exercising adequate credit evaluation measures in its lending criteria and stringent monitoring of repayment. Exposure to credit risk is mitigated through an ongoing monitoring procedure on the repayment via salary deduction from its loans and receivables.

The Group does not have any significant concentration of credit risk due to its large number of underlying borrowers. The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset.

(ii) Factoring, confirming and industrial hire purchase:

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The information on significant concentration of credit risk are disclosed in Note 20.

The credit risk for cash and bank balances and deposits with licensed financial institutions is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

In addition, the Group and the Company are exposed to credit risk representing the amount granted summarised as below:

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Financial guarantees to licensed financial institutions for borrowing facilities granted to subsidiary companies	-	-	236,200,000	431,200,000
Financial guarantee to a trustee for MTNs facility granted to a subsidiary company	-	-	420,000,000	420,000,000
Irrevocable loan commitments issued on behalf of customers	2,690,734	5,146,835	-	-
	2,690,734	5,146,835	656,200,000	851,200,000

As at the reporting date, the fair values of the financial guarantees are nil (31.3.2013: nil). The fair values of the financial guarantees are determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

(i) The likelihood of the guaranteed party defaulting within the guaranteed period;

(ii) The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and

(iii) The estimated loss exposure if the party guaranteed were to default.

The counterparties to the financial guarantee contracts do not have a right to demand for settlement as no default events have arisen. Accordingly, financial guarantee contracts under the scope of MFRS 7 Financial Instruments: Disclosures are not included in the following interest rate and liquidity risk's maturity profile.

Collaterals

The main types of collaterals obtained by the Group are as follows:

(i) Loan financing - loans by cooperatives or corporations to their members and assignment of collection proceeds in the designated account by cooperatives

(ii) Factoring, confirming and industrial hire purchase - land and buildings

As at the reporting date, the financial effect of collaterals (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held by the Group is at 89.00% (31.3.2013: 88.24%).

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

Interest rate and liquidity risk tables

Analysis of financial instruments based on remaining contractual maturity

The following table sets out the weighted average effective interest rates ("WAEIR"), carrying amounts and the remaining maturities as at the reporting date of the Group's and the Company's financial instruments that are exposed to interest rate risk:

The Group	Note	WAEIR %	Total RM	Maturity profile Within 1 year RM	2-5 years RM	After 5 years RM
31 March 2014						
Fixed rate						
Loans and receivables	19	12.50	924,986,189	138,829,988	247,660,973	538,495,228
Trade receivables	20	11.57	21,140,470	19,575,519	1,564,951	-
Hire-purchase payables	30	4.84	637,200	232,682	404,518	-
Fixed rate MTNs	31	9.43	106,122,152	41,862,664	64,259,488	-
ABS	31	7.27	137,255,340	42,255,340	95,000,000	-
Floating rate						
Deposits with licensed financial institutions	26	3.18	288,309,742	288,309,742	-	-
Term loans (secured)	31	5.44	214,386,318	13,018,637	201,367,681	-
Revolving credits	31	4.60	110,196,786	110,196,786	-	-
Other bank borrowings *	31	4.65	14,373,526	14,373,526	-	-
31 March 2013						
Fixed rate						
Loans and receivables	19	13.36	930,985,440	119,621,134	259,897,804	551,466,502
Trade receivables	20	11.80	28,120,786	24,914,702	3,206,084	-
Hire-purchase payables	30	4.91	895,652	243,278	652,374	-
Fixed rate MTNs	31	10.00	141,602,993	38,038,218	103,564,775	-
ABS	31	7.18	177,797,147	42,797,147	115,000,000	20,000,000
Term loan (secured)	31	7.60	61,161,594	11,161,594	44,444,444	5,555,556
Floating rate						
Deposits with licensed financial institutions	26	2.96	414,280,493	414,280,493	-	-
Term loans (secured)	31	5.43	225,362,814	10,788,712	214,574,102	-
Revolving credits	31	4.99	56,680,868	56,680,868	-	-
Other bank borrowings *	31	4.79	17,897,350	17,897,350	-	-

* Other bank borrowings comprise trust receipts, bankers' acceptances and bank overdrafts.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest rate and liquidity risk tables (Cont'd)

Analysis of financial instruments based on remaining contractual maturity (Cont'd)

The Company	Note	WAEIR %	Total RM	← Maturity profile Within 1 year RM	2-5 years RM	→ After 5 years RM
31 March 2013						
Floating rate						
Deposits with licensed financial institutions	26	2.10	18,014	18,014	-	-

Analysis of financial liabilities based on an undiscounted basis

The following table summarises the remaining maturities as at the reporting date of the Group's financial liabilities based on contractual undiscounted repayment obligations:

The Group	Total RM	← Maturity profile Within 1 year RM	2-5 years RM	→ After 5 years RM
31 March 2014				
Fixed rate				
Hire-purchase payables	686,220	258,036	428,184	-
Fixed rate MTNs	120,334,284	49,273,797	71,060,487	-
ABS	157,138,036	50,366,326	106,771,710	-
Floating rate				
Term loans (secured)	233,150,690	18,636,523	214,514,167	-
Revolving credits	110,196,786	110,196,786	-	-
Other bank borrowings *	14,373,526	14,373,526	-	-

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest rate and liquidity risk tables (Cont'd)

Analysis of financial liabilities based on an undiscounted basis (Cont'd)

The Group	Total RM	Maturity profile Within 1 year RM	2-5 years RM	After 5 years RM
31 March 2013				
Fixed rate				
Hire-purchase payables	979,498	281,628	697,870	-
Fixed rate MTNs	167,176,392	48,834,357	118,342,035	-
ABS	208,337,351	53,454,654	134,529,765	20,352,932
Term loan (secured)	74,514,372	15,489,372	53,311,111	5,713,889
Floating rate				
Term loans (secured)	250,424,209	16,754,066	233,670,143	-
Revolving credits	56,744,908	56,744,908	-	-
Other bank borrowings *	17,897,350	17,897,350	-	-

* Other bank borrowings comprise trust receipts, bankers' acceptances and bank overdrafts.

Sensitivity analysis for interest rate risk

As at the reporting date, if interest rate had been 50 basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would increase/decrease by RM1,268,639 (2013: RM1,119,820) arising mainly as a result of a lower/higher interest expense on floating rate borrowings.

(d) Fair values

The accounting policies applicable to the major financial assets and liabilities are as disclosed in Note 3.

(i) Financial assets

The Group and the Company's principal financial assets are cash and bank balances, deposits with licensed financial institutions and receivables.

(ii) Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include borrowings and payables.

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

The carrying amount of financial assets and liabilities of the Group as at the reporting date approximate their fair values except for the following:

	Note	31.3.2014 Carrying amount RM	31.3.2014 Fair value RM	31.3.2013 Carrying amount RM	31.3.2013 Fair value RM
Financial asset					
Loans and receivables	19	924,986,189	806,864,968	930,985,440	1,035,624,520
Financial liabilities					
Borrowings					
- Fixed rate MTNs [including accrued interest of RM1,992,249 (31.3.2013: RM3,120,932)]	31	106,122,152	111,148,444	141,602,993	148,160,637
- ABS [including accrued interest of RM2,255,340 (31.3.2013: RM2,797,147)]	31	137,255,340	142,170,986	177,797,147	178,946,098

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

(i) AFS - Unquoted investments in Malaysia

The fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses.

(ii) Fixed rate MTNs

The fair values are estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

(iii) ABS

The fair values are estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

(iv) Short term financial instruments

The fair values are estimated to approximate their carrying amounts as the financial instruments are considered short term in nature.

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

The fair value hierarchies used to classify financial instruments not measured at fair value in the statements of financial position, but for which fair value is disclosed, are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2014				
Financial asset				
Loans and receivables	-	-	806,864,968	806,864,968
Financial liabilities				
Borrowings				
- Fixed rate MTNs	-	111,148,444	-	111,148,444
- ABS	-	142,170,986	-	142,170,986

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group continue as going concerns while maximising return to stakeholders.

The Group monitors capital using a gearing ratio, which is net borrowings divided by total equity. Net borrowings are calculated as total borrowings less cash and cash equivalents. Total equity is calculated as share capital plus reserves as shown in the statements of financial position.

35. CAPITAL MANAGEMENT (CONT'D)

As at the reporting date, the gearing ratio is as follows:

	The Group		The Company	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Total borrowings	582,334,122	680,502,766	-	-
Less: Deposits and cash and bank balances				
- Assigned in favour of the trustees	(264,259,807)	(275,627,671)	-	-
- Pledged to licensed financial institutions	(9,073,355)	(18,901,004)	-	-
	(273,333,162)	(294,528,675)	-	-
Net borrowings	309,000,960	385,974,091	-	-
Total equity	685,249,480	704,251,963	506,680,249	534,348,564
Gearing ratio (times)	0.45	0.55	-	-

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding any treasury shares) and such shareholder' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 March 2014.

36. ESOS

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and is to be in force for a period of ten (10) years from the date of implementation.

The salient features of the ESOS are as follows:

(a) The maximum number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at the time of the offer, of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management;

(b) Not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;

36. ESOS (CONT'D)

(c) Allocation of the shares are extended to eligible directors and employees who are employed by or on the payroll of subsidiary companies of the Company which are not dormant;

(d) The eligible directors and employees must have attained the age of 18 years and appointed or confirmed in service by the Group, subject to a minimum period as determined from time to time by the Options Committee, provided always that the selection of any eligible directors and employees is at the discretion of the Options Committee, which shall be final and binding;

(e) The exercise price was determined at a discount of not more than 10% from the weighted average market price ("WAMP") (calculated as the average of highest and lowest price) for the 5 (five) market days immediately preceding the date of offer and is not lower than the par value of the ordinary shares of the Company;

(f) The new shares allotted and issued upon any exercise of option, rank pari passu in all respects with the existing ordinary shares of the Company and shall carry no dividends, rights, allotments and any other distribution which may be declared, made or paid prior to the allotment date of the new shares; and

(g) The exercise price and/or the number of new shares exercisable in an option in so far as unexercised may be adjusted in the event of any alteration in the share capital structure of the Company. The adjusted exercise price shall not be lower than the par value of the new shares.

The movements in number of share options pursuant to the ESOS during the financial year are as follows:

		ESOS expiring on 14 September 2019				
	Exercise	Number of options over ordinary shares of RM0.10 each				
Grant date	**price per share at**	**Balance as 1.4.2013**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 31.3.2014**
24 March 2010	0.42	14,213,500	-	-	(1,189,300)	13,024,200

There were no share options granted during the financial year.

37. RECLASSIFICATION OF PRIOR YEARS' COMPARATIVES

Certain comparative figures have been reclassified for consistency with current year's presentation:

(i) Statements of Comprehensive Income

The Group	Previously Stated RM	Reclassification RM	After Reclassification RM
Revenue	167,831,602	(1,179,335)	166,652,267
Other expenses	81,940,466	(1,179,335)	80,761,131

37. RECLASSIFICATION OF PRIOR YEARS' COMPARATIVES (CONT'D)

(ii) Statements of Financial Position

The Group	Previously Stated RM	Reclassification RM	After Reclassification RM
As at 31 March 2013			
Non-Current Assets			
Loans and receivables	860,876,723	(49,512,417)	811,364,306
Current Assets			
Loans and receivables	94,368,316	25,252,818	119,621,134
Other receivables, deposits and prepaid expenses	25,339,286	(13,885,803)	11,453,483
Current Liabilities			
Payables and accrued expenses	60,340,253	(38,145,402)	22,194,851
As at 1 April 2012			
Non-Current Assets			
Loans and receivables	877,209,079	(74,881,690)	802,327,389
Current Assets			
Loans and receivables	105,866,753	43,461,761	149,328,514
Other receivables, deposits and prepaid expenses	32,633,650	(5,426,183)	27,207,467
Current Liabilities			
Payables and accrued expenses	60,597,976	(36,846,112)	23,751,864

(iii) Statements of Cash Flows

	Previously Stated RM	Reclassification RM	After Reclassification RM
Cash flows from financing activities	(21,937,274)	97,080,252	75,142,978
Cash and cash equivalents at beginning of financial year	393,756,705	(391,608,927)	2,147,778
Cash and cash equivalents at end of financial year	419,301,877	(294,528,675)	124,773,202

Statement by Directors

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 43 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 29(c), which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the directors

TAN SRI AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
26 May 2014

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 116 are, in my opinion, correct and I make this solemnly declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **YAP CHOON SENG** at **KUALA LUMPUR** this 26th day of May 2014.

YAP CHOON SENG

Before me

PESURUHJAYA SUMPAH
No. W 350
SHAFIE B. DAUD
MALAYSIA

38A, JALAN TUN MOHD FUAD
TAMAN TUN DR. ISMAIL
60000 KUALA LUMPUR

COMMISSIONER FOR OATHS

Analysis of Shareholdings
as at 31 July 2014

Authorised Capital	:	RM400,000,000.00
Issued and Paid-Up Capital	:	RM164,302,949.30
Class of Shares	:	1,173,592,495 ordinary shares of RM0.10 each ("Ordinary Shares");
	:	469,436,998 redeemable convertible non-cumulative preference shares of RM0.10 each ("Preference Shares")
Voting Rights	:	One (1) vote per shareholder on show of hands or one (1) vote per share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Ordinary Shares

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	173	2.02	7,343	0.00
100 to 1,000	293	3.42	96,232	0.01
1,001 to 10,000	2,999	35.04	16,736,264	1.47
10,001 to 100,000	4,368	51.03	145,197,792	12.77
100,001 to less than 5% of issued shares	723	8.45	368,361,661	32.40
5% and above of issued shares	3	0.04	606,646,303	53.35
Total	**8,559**	**100.00**	**1,137,045,595**	**100.00**

Preference Shares

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	4	0.70	239	0.00
100 to 1,000	30	5.23	19,599	0.01
1,001 to 10,000	320	55.85	1,378,100	0.29
10,001 to 100,000	183	31.94	5,139,279	1.09
100,001 to less than 5% of issued shares	34	5.93	11,874,900	2.53
5% and above of issued shares	2	0.35	451,024,881	96.08
Total	**573**	**100.00**	**469,436,998**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

Ordinary Shares

No.	Name of Shareholders	No. of Shares	%
1.	CEMPAKA EMPAYAR SDN BHD	426,640,753	37.52
2.	ARAS KREATIF SDN BHD	97,505,550	8.58
3.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	82,500,000	7.26
4.	MUTIARA ARCA SDN BHD	28,243,710	2.48
5.	INFOTECH MARK SDN BHD	27,000,000	2.37
6.	MAGNITUD EKUITI SDN BHD	13,151,991	1.16
7.	YAP PHAIK KWAI	10,790,400	0.95
8.	B-OK SDN BHD	10,630,000	0.93
9.	BIOTIARA SDN BHD	8,083,449	0.71
10.	SUMBERAMA SDN BHD	6,158,523	0.54
11.	YONG MOH LIM	5,253,900	0.46
12.	LIEW SZE FOOK	5,250,000	0.46
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	5,000,000	0.44
14.	CITIGROUP NOMINEES (ASING) SDN BHD - CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,800,900	0.42
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIEW KON SING @ LIEW KONG	4,701,200	0.41
16.	MAYBANK NOMINEES (ASING) SDN BHD - EXEMPT AN FOR DBS BANK LIMITED (CLIENT A/C)	4,261,400	0.38
17.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	3,524,550	0.31
18.	SU THAI SENG	3,005,200	0.26
19.	CHOO SHIOW CHARN	3,000,000	0.26
20.	LEONG CHIN HAI	2,780,000	0.25
21.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR VALUE FUND	2,650,000	0.23
22.	POS AD SDN BHD	2,567,300	0.23
23.	HONG WENG HWA	2,406,750	0.21
24.	HONG WENG HWA	2,250,000	0.20
25.	NG CHEE KWONG	2,115,800	0.19
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR GOH KHENG PEOW (8026769)	2,050,000	0.18
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR THOMAS LIM NAI KING @ LIM NAIKIENG	2,032,000	0.18
28.	CHUA TEONG KIM @ SEOW TEONG KIM	1,998,000	0.18
29.	HONG WENG HWA	1,950,000	0.17
30.	NG BOO KEAN @ NG BEH KIAN	1,950,000	0.17
		774,251,376	**68.09**

Preference Shares

No.	Name of Shareholders	No. of Shares	%
1.	CEMPAKA EMPAYAR SDN BHD	418,024,881	89.05
2.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	33,000,000	7.03
3.	YONG MOH LIM	3,154,700	0.67
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR MOTORCRAFT ACCESSORIES (TAWAU) SDN BHD (E-TWU)	1,068,000	0.23
5.	NG BOO KEAN @ NG BEH KIAN	780,000	0.17
6.	ONG AH KIM	562,000	0.12
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LAI WENG CHEE @ LAI KOK CHYE	484,300	0.10
8.	LIM GUAT SEE	437,000	0.09
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG AH THEN	381,100	0.08
10.	ONG KEK POH	322,000	0.07
11.	TONG SEOW MEI	313,600	0.07
12.	LAI KOK THYE	308,800	0.07
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE AH ENG @ LEE AH HAI (BKT TINGGI-CL)	300,000	0.06
14.	PERNG HUEY YUNN	284,900	0.06
15.	TEO TIAN SOW @ TEW TIAN SOW	246,000	0.05
16.	CHAN SOOK SEE	232,300	0.05
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR KHOO CHAI PEK (MY1030)	210,900	0.04
18.	LIM BOON SEONG	200,000	0.04
19.	LUI KIM KIOK	200,000	0.04
20.	ONG PECK CHOO	180,000	0.04
21.	UNIPINE MALAYSIA SENDIRIAN BERHAD	171,000	0.04
22.	KHOO CHAI PEK	168,000	0.04
23.	CHOONG YAT CHIN @ CHONG YAT CHIN	159,000	0.03
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIM KHOON CHIN (E-TWU)	155,000	0.03
25.	ONG KEE EN	150,000	0.03
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - FONG YORK SIANG	147,000	0.03
27.	ONG BOK AUN	146,000	0.03
28.	MAGGIE LEONG MEI KAY	143,000	0.03
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - LIM BOON CHEE	127,300	0.03
30.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHIANG YIT CHAN	123,000	0.03
		462,179,781	**98.45**

SUBSTANTIAL SHAREHOLDERS

Ordinary Shares

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Cempaka Empayar Sdn Bhd	509,140,753	44.78	-	-
Aras Kreatif Sdn Bhd	97,505,550	8.58	-	-
Amcorp Group Berhad	-	-	509,140,753[1]	44.78
Clear Goal Sdn Bhd	-	-	509,140,753[1]	44.78
Tan Sri Azman Hashim	-	-	509,140,753[1]	44.78
Mohamed Zamrus bin Ghazali	-	-	97,505,550[2]	8.58
Norsiha binti Othman	-	-	97,505,550[2]	8.58

Notes:

[1] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

[2] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Aras Kreatif Sdn Bhd.*

Preference Shares

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Cempaka Empayar Sdn Bhd	451,024,881	96.08	-	-
Amcorp Group Berhad	-	-	451,024,881[1]	96.08
Clear Goal Sdn Bhd	-	-	451,024,881[1]	96.08
Tan Sri Azman Hashim	-	-	451,024,881[1]	96.08

Note:

[1] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE OPTION SCHEME OF THE COMPANY

Ordinary Shares

Name of Directors and Chief Executive Officer	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%	No. of Options Held[2]
Tan Sri Azman Hashim	-	-	509,140,753[1]	44.78	2,000,000
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	-	-	-	-	200,000
Dato' Ab. Halim bin Mohyiddin	-	-	-	-	-
Major General (Rtd) Dato' Haji Fauzi bin Hussain	-	-	-	-	200,000
Dato' Che Md Nawawi bin Ismail	-	-	-	-	200,000
Tan Bun Poo	-	-	-	-	-
Soo Kim Wai	-	-	-	-	1,500,000
Shalina Azman	-	-	-	-	1,200,000
Shahman Azman	-	-	-	-	900,000
Loh Kam Chuin *(Chief Executive Officer)*	-	-	-	-	900,000

Notes:

[1] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

[2] *One (1) option is exercisable into 1.5 new ordinary shares of the Company.*

Preference Shares

Name of Directors and Chief Executive Officer	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Tan Sri Azman Hashim	-	-	451,024,881[1]	96.08
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	-	-	-	-
Dato' Ab. Halim bin Mohyiddin	-	-	-	-
Major General (Rtd) Dato' Haji Fauzi bin Hussain	-	-	-	-
Dato' Che Md Nawawi bin Ismail	-	-	-	-
Tan Bun Poo	-	-	-	-
Soo Kim Wai	-	-	-	-
Shalina Azman	-	-	-	-
Shahman Azman	-	-	-	-
Loh Kam Chuin *(Chief Executive Officer)*	-	-	-	-

Note:

[1] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

Note:
The analysis of ordinary shareholdings is based on the Record of Depositors as at 31 July 2014, net of 36,546,900 treasury shares.

NOTICE IS HEREBY GIVEN THAT the Sixtieth Annual General Meeting of RCE Capital Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 11 September 2014 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon.

2. To declare a final single-tier dividend of 15% for the financial year ended 31 March 2014. **Resolution 1**

3. To approve the payment of Directors' fees of RM260,000 for the financial year ended 31 March 2014. **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Articles of Association:

   (i) Y. Bhg. Dato' Che Md Nawawi bin Ismail **Resolution 3**

   (ii) Mr. Soo Kim Wai **Resolution 4**

5. To consider and if thought fit, to pass the following resolutions:

   (i) "THAT Y. Bhg. Tan Sri Azman Hashim retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

   (ii) "THAT Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**

6. To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without modifications:

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 20 August 2014, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company; **Resolution 9**

AND THAT such authority conferred shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company to purchase ordinary shares of RM0.10 each in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that: **Resolution 10**

(i) the aggregate number of ordinary shares of RM0.10 each in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits and the share premium account of the Company based on the audited financial statements for the financial year ended 31 March 2014 of RM192,603,997 and RM149,569,380 respectively;

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier;

(iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate."

10. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 15% for the financial year ended 31 March 2014, if approved by the shareholders, will be paid on 1 October 2014 to depositors who are registered in the Record of Depositors at the close of business on 18 September 2014.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 September 2014 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

JOHNSON YAP CHOON SENG (MIA 20766)
SEOW FEI SAN (MAICSA 7009732)
Secretaries

Petaling Jaya
20 August 2014

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 4 September 2014 shall be eligible to attend, speak and vote at the Sixtieth Annual General Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.

3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.

7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Explanatory Notes on Special Business:

(i) Resolution 8 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 7 is for the purpose of seeking a renewal of the general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the mandate granted to the Directors at the Fifty-Ninth AGM of the Company held on 20 September 2013.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to funding future investment, working capital, acquisitions or such other purposes as the Directors consider would be in the interest of the Company.

(ii) Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution proposed under item 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(iii) Resolution 10 - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution proposed under item 9, if passed, will allow the Company to purchase up to 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and the Proposed Renewal of Share Buy-Back Authority are set out in the Circular/Statement to Shareholders dated 20 August 2014 which is despatched together with the Company's Annual Report 2014.

RCE

RCE CAPITAL BERHAD
(2444-M)

FORM OF PROXY

I/We ______________________________ NRIC No. / Company No. : ______________________________
of ____
being a member/members of **RCE CAPITAL BERHAD**, hereby appoint ______________________________
______________________________ NRIC No. : ______________________________
of ____
or failing him/her, ______________________________ NRIC No. : ______________________________
of ____
or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixtieth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 11 September 2014 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a final single-tier dividend of 15% for the financial year ended 31 March 2014.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Y. Bhg. Dato' Che Md Nawawi bin Ismail as Director.		
4.	To re-elect Mr. Soo Kim Wai as Director.		
5.	To re-appoint Y. Bhg. Tan Sri Azman Hashim as Director.		
6.	To re-appoint Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Director.		
7.	To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this __________ day of ______________________ 2014.

Number of Shares Held	CDS Account No.

____
Signature of Shareholder/Common Seal

Tel no. (During office hours): ___________________________

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 4 September 2014 shall be eligible to attend, speak and vote at the Sixtieth Annual General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Please fold here

STAMP

The Company Secretary
RCE CAPITAL BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

Please fold here

RCE CAPITAL BERHAD (2444-M)

20th Floor, Menara AmMetLife, 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia
T : +603-4047 0988 F : +603-4042 8877

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